Paycheck Protection Program Forgiveness Application

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Paycheck Protection Program Forgiveness Application Document Requirements

To receive Paycheck Protection Program (PPP) loan forgiveness, you'll need to provide detailed documentation about how you used your loan. Here are a few suggestions to help make your forgiveness application experience as smooth as possible.

Best practices for uploading documents in the PPP Client Portal

We know your supporting documentation can be substantial based on the requirements from the Small Business Administration (SBA). To avoid additional phone calls or emails from your application reviewer, please:

- Don't upload any password protected documents.
- Clearly identify and label each payroll expense amount used in your average monthly payroll calculation. You may also include a summary showing which expenses correlate to which payroll expense category listed in your application.
- You can only upload one document for each payroll expense category into the designated placeholder, so it's easiest to merge multiple documents supporting the same expense category into one file before uploading.
- Label, or include identifiers for your business on all supporting documentation. This can be as simple as circling business information like applicant name(s), Tax ID, date(s), amount(s).
- File sizes are limited to 15MB, and the file name can't include any special characters or symbols.

First Draw PPP Loan Forgiveness Documentation

Examples of documentation for payroll expenses:

Many third-party payroll providers have developed custom PPP forgiveness payroll reports that you can submit as part of your required documentation. These reports are extremely helpful when correct, but we do recommend reviewing the reports for accuracy. Here's how to request them from your provider:

- **Third party payroll service provider reports**
  - **ADP** – The "CARES SBA-PPP: Loan Forgiveness Payroll Cost" report provides the total payroll cost for all pay periods during the covered period.
  - **Paychex** – Paychex has released a PPP Loan Forgiveness Estimator to help streamline the application process. Click here for more information on this estimator and Paychex's PPP Forgiveness Data Report.
  - **Paylocity** – Paylocity has released a series of reports to help customers complete their loan forgiveness application. This includes the "PPP Loan Forgiveness Payroll Data Export," which includes all payroll data for a chosen payroll period. Click here to view details on Paylocity PPP reports.
  - **QuickBooks** – QuickBooks Desktop Payroll and QuickBooks Online Payroll both have reports tailored to the PPP forgiveness process. Click here to view instructions for accessing these reports, which can be found in the **Where can I find this payroll info in QuickBooks?** section.
  - **Gusto** – The "Forgiveness Report" can be accessed by following certain steps after accessing your customer dashboard. Call Gusto at 720-547-1647 or visit their website for more information.
- **Other cash compensation documents**
  - If a PPP payroll report is unavailable, please provide payroll reports with appropriate summary total pages correlated with your Covered Period. Clearly identifying the expense amounts that are tied to your forgiveness application, for example, indicating specific line items, will streamline your forgiveness process.
  - IRS payroll tax filings, typically IRS 941, along with bank account statements can also be used to show employee compensation.

  - Cash compensation for employees should not contain owner compensation. This should be captured only on the owner compensation line.
- **Non-cash compensation documents**
  - Non-cash compensation documents include payment receipts, cancelled checks, or account statements for employer contributions to employee health insurance and retirement plans.
  - Documents showing the total amount paid by employers for employee health insurance should only include employer contributions to a self-insured, employer-sponsored group health plan, excluding any pre-tax or after-tax contributions by employees.
  - Documents showing the total amount paid by employers to employees' retirement plans should exclude any pre-tax or after-tax contributions by employees. ONLY the employer paid portion to the employees' retirement plans is forgivable, not the employee paid portion.
  - Expenses paid for owner's health insurance and retirement plans are not allowable.
  - Documents showing total amount paid for employer state and local taxes assessed on employee compensation, such as state unemployment insurance tax, shouldn't list any taxes withheld from employee earnings. The state and local unemployment insurance are forgivable, not federal taxes or state and local wage taxes.

Examples of documentation for non-payroll expenses:

- **Mortgage**
  Documents showing mortgage payments should only include mortgage interest payments for any business mortgage obligation on real or personal property incurred before February 15, 2020. Mortgage principal and prepayments aren't eligible for forgiveness. Acceptable documentation includes:
  - Mortgage amortization schedules during the Covered Period showing evidence of obligations
  - Payment receipts, cancelled checks, invoices, bank statements as proof of payments
- **Rent**
  If your lease agreements indicate a monthly rent amount that is different from your actual current rent payments, please also provide updated documents to show the current rent amount due. Documents proving rent include:
  - Lease agreements or account statements showing obligation existence prior to February 15, 2020
  - Lease agreements or account statements during the Covered Period showing evidence of obligations
  - Payment receipts, cancelled checks, invoices, bank statements as proof of payments
- **Utilities**
  Documentation will need to be provided showing that utilities were in service before February 15, 2020. Documentation showing proof of payment include:
  - Billing statements during the Covered Period showing evidence of obligations
  - Payment receipts, cancelled checks, invoices, bank statements as proof of payments
- **Operations expenditures**
  Documents showing proof of payment include:
  - Invoices, orders, or purchase orders paid during Covered Period
  - Payment receipts, cancelled checks, account statements as proof of payments
- **Property damage costs**
  Documents showing the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020 and such costs were not covered by insurance or other compensation. Documentation showing proof of payment include:
  - Invoices, orders, or purchase orders paid during Covered Period
  - Payment receipts, cancelled checks, account statements as proof of payments
- **Supplier costs**
  Documents showing proof of payment include:
  - Contracts, orders, or purchase orders in effect at any time before the Covered Period (except for perishable goods)
  - Invoices, orders, or purchase orders paid during Covered Period

  - Payment receipts, cancelled checks, account statements as proof of payments
- **Worker protection expenditures**
  Documents showing expenditures were used by you to comply with applicable COVID-19 guidance during the Covered Period. Documentation showing proof of payment include:
  - Invoices, orders, or purchase orders paid during Covered Period
  - Payment receipts, cancelled checks, account statements as proof of payments

A complete list of required documents can be found in the instructions for the SBA Forms 3508 and 3508EZ.

- Documents needed for Form 3508 can be found on page 12 of the revised SBA Form 3508 instructions
- Documents needed for Form 3508EZ can be found on page 8 of the revised SBA Form 3508EZ instructions

Second Draw PPP Loan Forgiveness Documentation

The documentation required to prove your payroll expense and non-payroll expense is generally the same as the documentation required for First Draw PPP Loan Forgiveness as listed in the previous section.

If you're applying for forgiveness for a Second Draw PPP loan amount of $150,000 or less but haven't provided supporting documentation showing a decline in gross receipts of 25% or more at the time of your loan application, you must complete, sign, and upload the Gross Receipts Comparison Worksheet in the Upload Documents section of your portal dashboard. You'll also need to submit documentation showing a decline in gross receipts of 25% or more. The documentation is required even if you're qualified to use the revised 3508S Form.

Your application will be considered incomplete without the completed worksheet and supporting documentation. Such documentation may include annual tax returns, or, if tax returns are not available, quarterly financial statements or bank statements. A draft of a tax return for 2020 is sufficient if you have not filed your 2020 tax return and attest that the information relating to gross receipts on the draft tax return will be the same as when you file the return. Specifically, with respect to draft 2020 annual tax returns, you must fill out the 2020 return, compute the relevant gross receipts value and sign and date the return, attesting that the values that enter the gross receipts calculation are the same values that will be filed on your tax return. If you use a fiscal year to file taxes, you may document a reduction in gross receipts with income tax returns only if your fiscal year contains all of the second, third, and fourth quarters of the calendar year (i.e., have a fiscal year start date of February 1, March 1, or April 1).

Strong Preference for "Like-Like" Documentation. Your gross receipts reduction comparison between 2019 and 2020 will be more readily confirmed if you submit the same type of documentation of gross receipts for 2019 and 2020 and Truist strongly encourages Second Draw Loan applicants to provide "Like-Like" documentation. For example, the gross receipts reduction comparison is easier to verify if you submit a tax return for 2019 and a tax return for 2020 (even if it is a certified draft of the return as outlined above). Similarly, the gross receipts reduction comparison is easier to verify if you submit quarterly income statements for the relevant quarter(s) in 2019 and quarterly income statements for the relevant quarter(s) in 2020.