

Helping Navigate COVID-19: Lessons Learned From Week 1 of PPP Loans

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Discussion Topics for Today

- Lessons Learned From Week 1 of PPP Loans
- SBA Releases More FAQ Guidance
- Loan Forgiveness – What We Know and What We Don't
- Other Items for Consideration



Lessons Learned From Week 1 of PPP Loans



- What Payroll Items Can/Cannot Be Included In Average
- The application – Q & A
- Bank portals
- SBA Lender responses-Most recent status of funding's, money left, more coming?
- Status of applications and funding
- Eligibility of RFCs



Treasury Released FAQs for Lenders – 4/6/20

Key Items Affecting Dealers

- Employer FICA and Medicare Taxes are out of loan and forgiveness. FUTA?
- Small Employer test with affiliates
 - ◇ <\$15M Tangible Net Worth
 - ◇ <\$5M Average Net Income for 2 Years
- >\$100,000 Comp Employees – Don't Limit Benefits
- Can't Use FFCRA Payments for Forgiveness- No Double Counting
- PEOs are Allowed – Are Common *Paymasters* and *Shared Employer Arrangements*?
- Last 12 Months Payroll –
 - ◇ Calendar Year 2019 or Last 12 Months – Pick best one!
- Loans Applied Based on Prior Guidance are Good – Can redo Application if Desired



Now the Tough Part – *Loan Forgiveness*

- What is Required for Forgiveness?
- What has to be filed for Forgiveness?
- When does the Forgiveness Have to be Submitted?
- What do we expect from banks/SBA?
- When does the 8 Week Period start?
- Should you delay receiving funding when approved?



Suggestions for Loan Forgiveness

- ***Plan and Forecast Your 8 Weeks of Expenses***
 - 75% Payroll, 25% Other Costs
 - ◇ Payroll is same costs as those on Max Loan calculation
 - Other Costs
 - ◇ Rent, Utilities, Interest on Mortgages, Interest on Secured Debt
 - ◇ Utilities – Telephone, electric, gas, internet
 - ◇ Rent – no guidance that self rental does not work
- Consider having proceeds held separately- *track expenses*
- Floor plan – Track interest for 2/15/20 units
- Suggest review with your CPA to assure proper expenses are submitted to be sure forgiveness is maximized and not errant



Other Discussion Items

- EIDL Loans – Can have both but not for same expenses
- Over 500-10,000 employee loans – not favorable terms
- Taxability of PPP loan forgiveness- deductibility of forgiven expenses
- When to rehire? FTEs are 6/30/20
- Income Taxes – Look to carryback 2018, 2019 NOLs
- Opportunities
 - Offer discounted service, body shop and parts
 - Use employees not busy to plan for future, clean dealership, do training





Questions

Be sure to join us next week !

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