

“Payroll Costs”

<i>Corporation</i>	<i>Partnership</i>	<i>Independent Contractor/Sole Proprietor</i>
<p>Owner-employee cash compensation based on monthly 2019 average (not to exceed \$100k annually) and employer retirement and health care contributions (c-corp only) made on behalf of such shareholder based on 2019 contributions prorated over 8 weeks or 2.5 months for a 24-week covered period.</p> <p><u>Non-shareholder employee payroll expenses:</u></p> <p>compensation to employees* (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation;</p> <p>cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);</p> <p>payment for vacation, parental, family, medical, or sick leave;</p> <p>allowance for separation or dismissal;</p> <p>payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;</p> <p>payment of state and local taxes assessed on compensation of employees</p> <p><u>Excluded payroll expenses:</u></p> <p>Federal employment taxes imposed or withheld, including the employee’s and employer’s share of FICA and income taxes required to be withheld from employees; and</p> <p>Qualified sick and family leave wages for which a credit is allowed under FFCRA Sections 7001 and 7003</p>	<p>Partner self-employment earning replacement based on 2019 (reduced by claimed section 179 expense deduction, unreimbursed partnership expenses, and depletion from oil and gas properties), not to exceed \$100k annually.</p> <p><u>Non-partner employee payroll expenses:</u></p> <p>compensation to employees* (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation;</p> <p>cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);</p> <p>payment for vacation, parental, family, medical, or sick leave;</p> <p>allowance for separation or dismissal;</p> <p>payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;</p> <p>payment of state and local taxes assessed on compensation of employees</p> <p><u>Excluded payroll expenses:</u></p> <p>Federal employment taxes imposed or withheld, including the employee’s and employer’s share of FICA and income taxes required to be withheld from employees; and</p> <p>Qualified sick and family leave wages for which a credit is allowed under FFCRA Sections 7001 and 7003</p>	<p>Owner compensation replacement calculated based on 2019 net income (Line 31 Schedule C), not to exceed \$100k annually.</p> <p><u>Non-owner employee payroll expenses:</u></p> <p>compensation to employees* (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation;</p> <p>cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);</p> <p>payment for vacation, parental, family, medical, or sick leave;</p> <p>allowance for separation or dismissal;</p> <p>payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;</p> <p>payment of state and local taxes assessed on compensation of employees</p> <p><u>Excluded payroll expenses:</u></p> <p>Federal employment taxes imposed or withheld, including the employee’s and employer’s share of FICA and income taxes required to be withheld from employees; and</p> <p>Qualified sick and family leave wages for which a credit is allowed under FFCRA Sections 7001 and 7003</p>

Forgivable Expenses and Permitted Uses of PPP Funds

	<i>Corporations and Partnerships</i>	<i>Independent Contractors and Sole Proprietors</i>
<p><i>Forgivable Expenses</i> (paid or incurred during 8-week or 24-week covered period)</p>	<p>Payroll Costs (60%+ of total forgiveness) for borrower employees, subject to the following limitations:</p> <ul style="list-style-type: none"> • C-corporation shareholder owner-employee cash compensation capped at: (i) 8/52 of 2019 employee cash compensation to shareholder, or \$15,385.00, whichever is less, for an <u>8-week covered period</u>; OR (ii) 2.5 months of 2019 employee cash compensation to shareholder, or \$20,833.33, whichever is less, for a <u>24-week covered period</u>; AND (iii) 2019 employer retirement and health care contributions made on behalf of such shareholder and amortized over 8 weeks or 2.5 months based on covered period; • S-corporation shareholder owner-employee cash compensation capped at: (i) 8/52 of 2019 employee cash compensation to shareholder, or \$15,385.00, whichever is less, for an <u>8-week covered period</u>; OR (ii) 2.5 months of 2019 employee cash compensation to shareholder, or \$20,833.33, whichever is less, for a <u>24-week covered period</u>; AND (iii) 2019 employer retirement contributions made on behalf of such shareholder and amortized over 8 weeks or 2.5 months based on covered period; • Partner net earnings from self-employment capped at lesser of (i) 2019 net earnings from self-employment (reduced by claimed section 179 expense deduction, unreimbursed partnership expenses, and depletion from oil and gas properties) multiplied by 0.9235 (up to \$15,385 for an 8-week covered period or up to \$20,833.33 for a 24-week covered period. <p>Interest payments on any business mortgage obligation on real or personal property that was incurred before February 15, 2020 (but not any prepayment or payment of principal);</p>	<p>Payroll Costs (60%+ of total forgiveness) for borrower employees, subject to owner compensation replacement for an 8-week covered period capped at lesser of (i) 8/52 of 2019 net income (Line 31 Schedule C), or (ii) \$15,385.00.</p> <p>Payroll Costs (60%+ of total forgiveness) for borrower employees, subject to owner compensation replacement for a 24-week covered period capped at lesser of (i) 2.5 months of 2019 net income (Line 31 Schedule C), or (ii) \$20,833.33.</p> <p>Interest payments on any business mortgage obligation on real or personal property that was incurred before February 15, 2020 (but not any prepayment or payment of principal), to the extent deductible on Schedule C and included on borrower’s 2019 Schedule C;</p> <p>Payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020, to the extent deductible on Schedule C and included on borrower’s 2019 Schedule C; and</p> <p>Business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020, to the extent deductible on Schedule C and included on borrower’s 2019 Schedule C.</p>

	<p>Payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020; and</p> <p>Business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020.</p>	
<p><i>Permitted Uses of PPP Funds</i></p>	<p>Payroll Costs (60%+ of loan)</p> <p>Interest payments on any business mortgage obligation on real or personal property (but not any prepayment or payment of principal);</p> <p>Interest on any debt obligations incurred prior to February 15, 2020;</p> <p>Payments on business rent obligations on real or personal property; and</p> <p>Business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access.</p> <p>Refinancing an EIDL loan made between January 31, 2020-April 3, 2020. If EIDL loan was used for payroll costs, your PPP loan must be used to refinance the EIDL loan.</p>	<p>Payroll Costs (60%+ of loan)- owner compensation replacement capped at monthly average 2019 Schedule C line 31 net profit.</p> <p>Interest payments on any business mortgage obligation on real or personal property (but not any prepayment or payment of principal)*;</p> <p>Interest on any debt obligations incurred prior to February 15, 2020;</p> <p>Payments on business rent obligations on real or personal property*;</p> <p>Business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access*; and</p> <p>Refinancing an EIDL loan made between January 31, 2020-April 3, 2020. If EIDL loan was used for payroll costs, your PPP loan must be used to refinance the EIDL loan.</p> <p>*Must have claimed or be entitled to claim a deduction for such expenses on 2019 Schedule C for these expenses to be a permissible use during the 8-week covered period.</p>