

# PPP Loan Forgiveness Application – EZ Version

*Overview*

June 30, 2020



# Loan Forgiveness Application

## EZ Form

### Who can use this form?

The new EZ form applies to any size loan in one of three categories:

- (1) self-employed borrowers with no employees,
- (2) borrowers who did not reduce salaries or wages of employees by more than 25% and did not reduce the number or average paid hours of employees (with some exceptions), and
- (3) borrowers who did not reduce salaries or wages of employees by more than 25% and experienced reductions in business activity as a result of COVID-19 related health directives.





# Loan Forgiveness Application

## EZ Form

The instructions begin with a checklist to help borrowers determine if they can apply for forgiveness using the EZ form.

The EZ form does not require calculations or adjustments for reductions in FTEs or salary or hourly wage reductions, rather it substitutes borrower certifications for that purpose.

### Checklist for Using SBA Form 3508EZ

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508EZ if you can check at least one of the three boxes below. Do not submit this Checklist with your SBA Form 3508EZ.

- ☐ The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

- ☐ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020. Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused. See [85 FR 33004](#), 33007 (June 1, 2020) for more details.

- ☐ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

If you can check at least one of the three boxes above, complete this SBA Form 3508EZ in accordance with the instructions below, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender. If you are unable to check one of the boxes above, you cannot use SBA Form 3508EZ and instead you must apply for forgiveness of your PPP loan using SBA Form 3508.





# Loan Forgiveness Application

## EZ Form

The top portion of the EZ form is the same as the top of the calculation page on full application

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
			( ) -
		Primary Contact	E-mail Address

SBA PPP Loan Number:  Lender PPP Loan Number:

PPP Loan Amount:  PPP Loan Disbursement Date:

Employees at Time of Loan Application:  Employees at Time of Forgiveness Application:

EIDL Advance Amount:  EIDL Application Number:

**Payroll Schedule:** The frequency with which payroll is paid to employees is:

☐ Weekly ☐ Biweekly (every other week) ☐ Twice a month ☐ Monthly ☐ Other

**Covered Period:**  to

**Alternative Payroll Covered Period, if applicable:**  to

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here: ☐





# Loan Forgiveness Application

## EZ Form

More details on  
Payroll costs on  
next slide

<u>Payroll and Nonpayroll Costs</u>	
Line 1. Payroll Costs:	
Line 2. Business Mortgage Interest Payments:	
Line 3. Business Rent or Lease Payments:	
Line 4. Business Utility Payments:	
<u>Potential Forgiveness Amounts</u>	
Line 5. Add the amounts on lines 1, 2, 3, and 4:	
Line 6. PPP Loan Amount:	
Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):	
<u>Forgiveness Amount</u>	
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):	





# Loan Forgiveness Application

## EZ Form

**Line 1:** Enter total eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period. To calculate these costs, sum the following:

**Cash Compensation:** The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154 for purposes of this 3508EZ. You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll Covered Period and whose principal place of residence is in the United States.

**Employee Benefits:** The total amount paid by the Borrower for:

1. Employer contributions for employee health insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.
3. Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings.





# Loan Forgiveness Application

## EZ Form – documentation to the lender

### Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application Form 3508EZ

#### **PPP Loan Forgiveness Calculation Form 3508EZ**

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
  - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.
- d. If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.





# Can you apply for Forgiveness before the end of the covered period?

*b. When must a borrower apply for loan forgiveness or start making payments on a loan?*

A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan – including before the end of the covered period – if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness. If the borrower applies for forgiveness before the end of the covered period and has reduced any employee's salaries or wages in excess of 25 percent, the borrower must account for the excess salary reduction for the full 8-week or 24-week covered period, as described in Part III.5. If the borrower does not apply



# Worker's Comp Update

Businesses that have suspended operations due to COVID-19 but continue to pay employees who are at home but not working will not have to include the payroll paid to these employees in the calculation of their workers' compensation premium.



We are answering your questions live on the air right now.

Please submit questions through the **Q&A function**,  
*not the chat option* at the bottom of your screen.





# *Questions?*

Please email:

[questions@dominionpayroll.com](mailto:questions@dominionpayroll.com)

For resources, updates, webinar schedule, and FAQ's, please visit our

[COVID-19 Updates & Resources page](#)

