

## REGULATORY ALERT

### **REMINDER! U.S. Small Business Administration Release Application and Instructions for PPP Loan Forgiveness**

The U.S. Small Business Administration (SBA) has released the application borrowers must submit to their lenders to qualify for Paycheck Protection Loan (PPP) forgiveness. The application is accompanied by worksheets and instructional pages that provide clarity on a number of critical questions facing PPP loan recipients. The application is important to petroleum marketers and heating fuel dealers because it:

- Sets forth the steps that must be taken to obtain loan forgiveness;
- Provides flexibility in calculation the eight-week loan forgiveness period;
- Affirms that costs incurred but not paid during the eight-week period count toward forgiveness;
- Clarifies the timing of when a PPP loan must be spent; and
- Confirms the level of reduced loan forgiveness for noncompliance.

### **Calculating Loan Forgiveness Period**

The qualifying period for calculating PPP loan forgiveness is the eight-week period (56 days) after the loan is received by the applicant. Companies that pay employees on a biweekly or more frequent basis may opt for the Alternative Payroll Covered Period where the eight-week period for calculating forgiveness starts on the date of the first payroll after receiving the PPP funds.

### **Calculating Forgivable Expenses**

**Payroll Costs** - Payroll cost expenses are the central part of the forgivable loan amount. Payroll costs include compensation to employees up to \$15,385 per employee for the eight-week covered period. Employer contributions towards group health insurance, retirement plans or employer state and local taxes on employee compensation over the same period are also included in forgivable expenses. Businesses may also include payroll costs incurred during the loan period but paid on the next regular payroll date after the end of the eight-week qualifying loan forgiveness period. Payments made to the business owner are also included in loan forgiveness expenses up to \$15,385 or the eight-week equivalent of the business owner's average compensation for 2019, whichever is the lower amount.

**Non-Payroll Costs** – Expenses related to mortgage, rent and utility payments paid or incurred during the eight-week loan forgiveness period may be included in the loan forgiveness amount. These expenses must be paid during the eight-week period or by the next regular payment cycle after the loan forgiveness period ends.

### **Additional Information:**

- Applicants can obtain the PPP loan forgiveness application and instructions online or from their PPP loan originator.
- The PPP Loan Forgiveness Application and Instructions may be found [here](#).
- The U.S. SBA PPP Loan Webpage may be found [here](#).

**PMAA Contact: Mark S. Morgan Regulatory Counsel [mmorgan@pmaa.org](mailto:mmorgan@pmaa.org)**