VIVENTIUM

PPP Reminder: Off-Cycle Payrolls May Maximize Loan Forgiveness

Dear Valued Client,

Here's a heads-up for clients who receive CARES Act SBA loans under the Paycheck Protection Program (PPP). Under the Act, the amount of PPP loan forgiveness is based in part on the amount your company ***incurs and pays within the 8-week period commencing with the date you received your PPP funds (Covered Period),*** not the date of loan approval, for payroll costs and qualifying rent, mortgage interest, and utilities payments (subject to limitations).

Since the law states that expenses must be ***incurred and paid*** during the Covered Period, current issues* to discuss with your legal counsel/tax advisor include:

- Your first payroll after your PPP loan distribution may include portions that were incurred prior to the Covered Period and therefore may need to be subtracted out to calculate your total loan forgiveness.
- Plan to pay all qualifying amounts incurred during your Covered Period before the end of your 8-week Covered Period. **This may require a special off-cycle (nonscheduled) payroll with a check date on the last day of your Covered Period.**
- It is also likely the SBA will not permit prepayment of payroll for periods after the Covered Period, since such costs would not be incurred during the Covered Period.

* Future SBA guidance may provide additional clarification in these areas.

Please reference our Add an Unscheduled Payroll article, also available on Viventium's Support Center, for step-by-step instructions on adding an off-cycle payroll. If you require further assistance, please reach out to your Dedicated Client Services Team.

Disclaimer: This communication should not be construed as a substitute for legal advice. Viventium does not engage in the practice of rendering legal opinions, so be sure to consult your own legal counsel/tax advisor.

For more information on the CARES Act and PPP loans as it relates to payroll, be sure to check out our webinar, **COVID-19 Payroll Legislation: Understanding the Rules, Using the Tools**, and our **Viventium Coronavirus (COVID-19) Update Center.**

In it with you,

Your Viventium Team