



Forgiveness Requirements for PPP Loans

For all or a portion of the PPP loan to be eligible for forgiveness, borrowers must:

- Use the loan for eligible expenses.
- Spend at least 60% of the loan on payroll costs.
- Spend the loan proceeds during the 24 weeks starting on the date the loan is disbursed, or by December 31, 2020—whichever comes sooner.
- Keep the same number of full-time equivalent (FTE) employees on the payroll. There are exceptions for employees who decline a good-faith rehire offer,
- Maintain at least 75% of the salary or wages of individual employees during the covered period.

Expenses eligible for forgiveness include payroll costs and interest payments on a business mortgage, rent or lease, and utilities—if established before February 15, 2020.

Payroll costs include:

- Compensation to employees in the form of salary, wages, commissions, or similar compensation
- 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)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for separation or dismissal
- Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement
- Payment of state and local taxes assessed on compensation of employees
- For an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation

The following related expenses are not eligible for forgiveness:

- Compensation to employees whose principal place of residence is outside the United States.
- For each individual employee, total pay exceeding an annual salary of \$100,000, as prorated for the covered period.
- Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020.
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act.