



# **SoVA Regional Alliance Webinar COVID-19 Relief**

*Carter Bank and Trust  
May 6, 2020*



**Carter Bank & Trust**

# PAYCHECK PROTECTION PROGRAM

## Eligibility:

- Businesses with 500 or less employees
- Businesses with over 500 employees in some industries (lodging, restaurants)
- Non-profits 501©(3)
- Veteran organizations 501©(19)
- Tribal concerns
- Sole proprietors/self-employed
- Independent contractors

# PAYCHECK PROTECTION PROGRAM CONT'D

## Eligible Use of Funds (75% of proceeds to be used for payroll):

- Payroll

salaries, wages, commissions, tips; capped at \$100,000 for each employee);  
employee benefits (healthcare insurance, retirement plan);  
payment for vacation/parental/family/medical/sick leave;  
state and local taxes assessed on compensation

- Payment of interest on mortgages incurred before February 15, 2020

- Payment of rent under a leasing agreement in force before February 15, 2020

- Utility payments (electricity, gas, water, phone, internet) in which service began prior to February 15, 2020)



# PAYCHECK PROTECTION PROGRAM CONT'D

## Application process:

- Complete Paycheck Protection Program application and calculate the loan request (2.5 times avg monthly payroll)
- Provide sufficient documentation to support payroll:
  - Form 940 for unemployment taxes, annual
  - Form 941 for withholding taxes, quarterly
  - Form 944 if requested by IRS, annually
  - W-3 for employer to show wages paid to individual employees
  - Accountant prepared spreadsheet of employee wage breakdown when available
  - Form 1040 tax return (if self-employed, sole proprietor etc)
  - Schedule C (if self-employed, sole proprietor, etc)
  - Form 1099 for independent contractor



# PAYCHECK PROTECTION PROGRAM CONT'D


## Planning the Forgiveness Stage (8 weeks from loan date):

*No specific guidelines have been issued yet, but plan ahead!*

- Consider a dedicated deposit account for these funds for tracking purposes
- Calculate payroll for the next 8 weeks & check against the 75% rule
- Figure out the average full-time employees from the time of application to June 30, 2020
- Estimate business rent, mortgage interest and utilities; 25% of funds go toward these expenses
- Keep good records and documentation to demonstrate that funds were spent on non-payroll eligible items
- Loans over \$2 million will be audited according to SBA

See: Department of Treasury website <https://home.treasury.gov/cares>)  
SBA website (www.sba.gov)





**Dawn H. DeHart**  
**Director, Community Development Lending**  
**Carter Bank**  
**540-797-7526**  
**Dawn.DeHart@CBTCares.com**



**Carter Bank & Trust**