

# Loan Forgiveness Examples

---

**Information is based on interpretations  
of the CARES Act and guidance  
released through May 21, 2020.**

**We encourage you to consult with your  
legal and accounting professionals.**

## Example 1 – General Partnership, No Additional Employees

### General Info:

XYZ Partnership is owned by two general partners

No additional employees

PPP loan funded for \$41,000 on Apr. 03, 2020

Profits in 2019 and so far in 2020 will allow each partner to earn over \$100,000 annualized

### Usage of PPP Funds:

Owner-employee compensation limited to lesser of \$15,385 or 2019 equivalent

All mortgages and rental agreements existed prior to Feb. 15, 2020

Paid the following nonpayroll related expenses during the 8 week covered period

Interest on mortgage of \$2,000

Rent payments of \$8,000

Utility payments of \$2,000

### Results (See the following worksheets for calculations and more details):

Salary / Hourly wage reduction is \$0 (no reduction)

FTE reduction quotient is 1.0 (no reduction)

No safe harbor adjustments necessary

Forgiveness amount of \$41,000

## Example 1 – General Partnership, No Additional Employees

### PPP Loan Forgiveness Calculation Form

**General Info**

Customer  
 PPP Amt  
 Date of Origination & Funding  
 End of 8 week period

	XYZ Partnership
\$	41,000.00
	4/3/2020
	5/28/2020

**Payroll and Nonpayroll Costs**

1. Payroll Costs
2. Interest on Mortgage
3. Covered Rent Obligation
4. Utilities

\$	30,770.00
\$	2,000.00
\$	8,000.00
\$	2,000.00

**Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions**

5. Total Salary/Hourly Wage Reduction (Schedule A, line 3)
6. Add 1-4 less 5
7. FTE Reduction Quotient (Schedule A, line 13)

\$	-
\$	42,770.00
	100%

**Potential Forgiveness Amounts**

8. Modified Total (6 \* 7)
9. PPP Loan Amount
10. Payroll Cost 75% Requirements (1 divided by 75%)

\$	42,770.00
\$	41,000.00
\$	41,026.67

**Forgiveness Amount**

11. Forgiveness Amount (smaller of 8, 9, 10)

\$	41,000.00
----	-----------

## Example 1 – General Partnership, No Additional Employees

### Schedule A

**PPP Schedule A Worksheet, Table 1 Totals**

- 1. Cash compensations (Box 1) from PPP Schedule A, table 1
- 2. Average FTE (Box 2) from PPP Schedule A worksheet, table 1
- 3. Salary/Hourly Wage Reduction (Box 3) from Schedule A worksheet, table 1

\$	-
	-
\$	-

**PPP Schedule A Worksheet, Table 2 Totals**

- 4. Cash compensation (Box 4) from schedule A worksheet, table 2
- 5. Average FTE (Box 5) from schedule A worksheet, table 2

\$	-
	-

**Non-cash compensation payroll costs during the covered period or alt**

- 6. Total amount paid by borrower for employer contributions for employee health insurance
- 7. Total amount paid by borrower for employer contributions to employee retirement plans
- 8. Total amount paid by borrower for employer state and local taxes assessed on employee compensation

\$	-
\$	-
\$	-

**Compensation to Owners**

- 9. Total amount paid to owner-employees /SE in individual/general partners

\$	30,770.00
----	-----------

Reflects the maximum \$15,385 multiplied by two partners

**Total Payroll Costs**

- 10. Payroll costs (add 1,4,6,7,8,9)

\$	30,770.00
----	-----------

**Full-Time Equivalency (FTE) Reduction Calculation**

- 11. Average FTE during the Borrower's chosen reference period
- 12. Total average FTE (add 2,5)
- 13. FTE reduction quotient (divide 12 by 11) or enter 1.0 in FTE Safe Harbor is met

-	-
-	-
	100%

## Example 2 – General Partnership, 8 Additional Employees

### General Info:

XYZ Partnership is owned by two general partners

They have 8 additional employees

PPP loan funded for \$200,000 on Apr. 03, 2020

### Usage of PPP Funds:

They maintained staffing levels compared to the January-February of 2020

Payroll schedule is weekly

Paid the following payroll related expenses during the 8 week covered period

Employee health insurance of \$1,400

Defined contribution plan of \$6,669

State and local taxes of \$1,667

All mortgages and rental agreements existed prior to Feb. 15, 2020

Paid the following nonpayroll related expenses during the 8 week covered period

Interest on mortgage of \$25,000

Rent payments of \$5,000

Utility payments of \$15,000

Profits in 2019 and so far in 2020 will allow each partner to earn over \$100,000 annualized

### Results (See the following worksheets for calculations and more details):

Salary / Hourly wage reduction is \$0 (no reduction)

FTE reduction quotient is 0.95 (small reduction)

No safe harbor adjustments necessary

Forgiveness amount of \$187,393

## Example 2 – General Partnership, 8 Additional Employees

### PPP Loan Forgiveness Calculation Form

#### General Info

Customer  
 PPP Amt  
 Date of Origination & Funding  
 End of 8 week period

	XYZ Partnership
\$	200,000.00
	4/3/2020
	5/28/2020

#### Payroll and Nonpayroll Costs

1. Payroll Costs
2. Interest on Mortgage
3. Covered Rent Obligation
4. Utilities

\$	151,661.63
\$	25,000.00
\$	5,000.00
\$	15,000.00

#### Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

5. Total Salary/Hourly Wage Reduction (Schedule A, line 3)
6. Add 1-4 less 5
7. FTE Reduction Quotient (Schedule A, line 13)

\$	-
\$	196,661.63
	0.95

#### Potential Forgiveness Amounts

8. Modified Total (6 \* 7)
9. PPP Loan Amount
10. Payroll Cost 75% Requirements (1 divided by 75%)

\$	187,392.74
\$	200,000.00
\$	202,215.50

#### Forgiveness Amount

11. Forgiveness Amount (smaller of 8, 9, 10)

\$	187,392.74
----	------------

## Example 2 – General Partnership, 8 Additional Employees

### Schedule A

#### PPP Schedule A Worksheet, Table 1 Totals

1. Cash compensations (Box 1) from PPP Schedule A, table 1
2. Average FTE (Box 2) from PPP Schedule A worksheet, table 1
3. Salary/Hourly Wage Reduction (Box 3) from Schedule A worksheet, table 1

\$	51,000.00
	3.5
\$	-

#### PPP Schedule A Worksheet, Table 2 Totals

4. Cash compensation (Box 4) from schedule A worksheet, table 2
5. Average FTE (Box 5) from schedule A worksheet, table 2

\$	60,155.00
	2.3

#### Non-cash compensation payroll costs during the covered period or alt

6. Total amount paid by borrower for employer contributions for employee health insurance
7. Total amount paid by borrower for employer contributions to employee retirement plans
8. Total amount paid by borrower for employer state and local taxes assessed on employee compensation

\$	1,400.00
\$	6,669.30
\$	1,667.33

#### Compensation to Owners

9. Total amount paid to owner-employees/SE individual/general partners

\$	30,770.00
----	-----------

#### Total Payroll Costs

10. Payroll costs (add 1,4,6,7,8,9)

\$	151,661.63
----	------------

#### Full-Time Equivalency (FTE) Reduction Calculation

11. Average FTE during the Borrower's chosen reference period
12. Total average FTE (add 2,5)
13. FTE reduction quotient (divide 12 by 11) or enter 1.0 in FTE Safe Harbor is met

	6.1
	5.8
	0.95



## Example 2 – General Partnership, 8 Additional Employees

### FTE Reduction Quotient Support

Covered Period or APCP		Weekly Payroll Number								Weekly Avg	Reg Method FTE	Simplified Method FTE
Employee's Name	Employee Identifier	1	2	3	4	5	6	7	8			
John	XXX-XX-1234	30.0	35.0	32.0	33.0	38.0	29.0	28.0	30.0	31.9	0.8	0.5
Jane	XXX-XX-1235	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	1.0	1.0
Jimmy	XXX-XX-1236	65.0	55.0	58.0	40.0	40.0	38.0	45.0	49.0	48.8	1.0	1.0
Joe	XXX-XX-1237	40.0	28.0	39.0	20.0	15.0	10.0	27.0	38.0	27.1	0.7	0.5
Ken	XXX-XX-1238	14.0	14.0	15.0	16.0	13.0	14.0	15.0	15.0	14.5	0.4	0.5
Kenny	XXX-XX-1239	10.0	10.0	10.0	10.0	24.0	10.0	10.0	10.0	11.8	0.3	0.5
Kendrick	XXX-XX-1240	60.0	55.0	58.0	20.0	20.0	22.0	25.0	23.0	35.4	0.9	0.5
Kendal	XXX-XX-1241	40.0	40.0	40.0	18.0	35.0	34.0	32.0	16.0	31.9	0.8	0.5
FTE's											5.8	5.0

#### Base Period (3 options to choose from)

Employee's Name	Employee Identifier	Weekly Avg	Reg Method FTE	Simplified Method FTE
John	XXX-XX-1234	33.0	0.8	0.5
Jane	XXX-XX-1235	40.0	1.0	1.0
Jimmy	XXX-XX-1236	50.0	1.0	1.0
Joe	XXX-XX-1237	22.0	0.6	0.5
Ken	XXX-XX-1238	12.0	0.3	0.5
Kenny	XXX-XX-1239	19.0	0.5	0.5
Kendrick	XXX-XX-1240	40.0	1.0	1.0
Kendal	XXX-XX-1241	38.0	1.0	0.5
FTE's			6.1	5.5

FTE Reduction Quotient 95% 91%

Use Higher of Two Methods 95%

## Example 2 – General Partnership, 8 Additional Employees

### Schedule A Worksheet

**Table 1** - Annualized compensation <=\$100,000 for all 2019 pay periods **OR** not employed in 2019

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
John	XXX-XX-1234	14,000.00	0.8	
Jane	XXX-XX-1235	14,000.00	1.0	
Jimmy	XXX-XX-1236	13,000.00	1.0	
Joe	XXX-XX-1237	10,000.00	0.7	
			-	
<b>Totals:</b>		51,000.00	3.5	-

Box 1

Box 2

Box 3

Average FTE pulled from the next worksheet, regular method

Note - Hired on Jan. 5, 2020

**Table 2** - Annualized compensation >\$100,000 for any 2019 pay period

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Ken	XXX-XX-1238	15,385.00	0.4
Kenny	XXX-XX-1239	15,385.00	0.3
Kendrick	XXX-XX-1240	15,385.00	0.9
Kendal	XXX-XX-1241	14,000.00	0.8
<b>Totals:</b>		60,155.00	2.3

Box 4

Box 5

Note - Bonus in Jan. 2019 bumped over \$100,000 annualized

# Example 2 – General Partnership, 8 Additional Employees

## Covered Period Payroll Runs

Date of Origination & Funding

4/3/2020

End of 8 week period

5/28/2020

Payroll Date	Start	End	Paid or Incurred
3/27/2020	3/21/2020	3/27/2020	
4/3/2020	3/28/2020	4/3/2020	Paid
4/10/2020	4/4/2020	4/10/2020	Paid
4/17/2020	4/11/2020	4/17/2020	Paid
4/24/2020	4/18/2020	4/24/2020	Paid
5/1/2020	4/25/2020	5/1/2020	Paid
5/8/2020	5/2/2020	5/8/2020	Paid
5/15/2020	5/9/2020	5/15/2020	Paid
5/22/2020	5/16/2020	5/22/2020	Paid
5/29/2020	5/23/2020	5/29/2020	Incurred Comp through 5/28/20

## Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

### General Info:

XYZ Partnership is owned by two general partners  
They had 8 additional employees from Jan. 1, 2020 to Feb. 29, 2020  
Laid off 3 employees in March 2020  
They reduced hourly wage for one employee in March, then increased in June  
PPP loan funded for \$200,000 on Apr. 03, 2020  
They are not planning to hire any additional employees before July 1, 2020

### Usage of PPP Funds:

Payroll schedule is weekly  
Paid the following payroll related expenses during the 8 week covered period  
Employee health insurance of \$1,400  
Defined contribution plan of \$4,089  
State and local taxes of \$1,022  
All mortgages and rental agreements existed prior to Feb. 15, 2020  
Paid the following nonpayroll related expenses during the 8 week covered period  
Interest on mortgage of \$25,000  
Rent payments of \$5,000  
Utility payments of \$15,000  
Profits in 2019 and so far in 2020 will allow each partner to earn over \$100,000 annualized

### Results:

Salary/Hourly wage reduction is \$1,175  
FTE reduction quotient is 0.55  
No safe harbor adjustments necessary  
Forgiveness amount of \$81,665

## Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

### PPP Loan Forgiveness Calculation Form

**General Info**

Customer	XYZ Partnership
PPP Amt	\$ 200,000.00
Date of Origination & Funding	4/3/2020
End of 8 week Covered Period (CP)	5/28/2020
Alternative Payroll Covered Period (APCP)	4/4/2020
End of 8 week APCP	5/29/2020

**Payroll and Nonpayroll Costs**

1. Payroll Costs	\$ 105,436.63
2. Interest on Mortgage	\$ 25,000.00
3. Covered Rent Obligation	\$ 5,000.00
4. Utilities	\$ 15,000.00

**Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions**

5. Total Salary/Hourly Wage Reduction (Schedule A, line 3)	\$ 1,175.38
6. Add 1-4 less 5	\$ 149,261.24
7. FTE Reduction Quotient (Schedule A, line 13)	0.55

**Potential Forgiveness Amounts**

8. Modified Total (6 * 7)	\$ 81,665.47
9. PPP Loan Amount	\$ 200,000.00
10. Payroll Cost 75% Requirements (1 divided by 75%)	\$ 140,582.17

**Forgiveness Amount**

11. Forgiveness Amount (smaller of 8, 9, 10)	\$ 81,665.47
--	--------------

# Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

## Schedule A

**PPP Schedule A Worksheet, Table 1 Totals**

1. Cash compensations (Box 1) from PPP Schedule A, table 1	\$ 8,000.00
2. Average FTE (Box 2) from PPP Schedule A worksheet, table 1	1.0
3. Salary/Hourly Wage Reduction (Box 3) from Schedule A worksheet, table 1	\$ 1,175.38

**PPP Schedule A Worksheet, Table 2 Totals**

4. Cash compensation (Box 4) from schedule A worksheet, table 2	\$ 60,155.00
5. Average FTE (Box 5) from schedule A worksheet, table 2	2.3

**Non-cash compensation payroll costs during the covered period or alternative payroll covered period**

6. Total amount paid by borrower for employer contributions for employee health insurance	\$ 1,400.00
7. Total amount paid by borrower for employer contributions to employee retirement plans	\$ 4,089.30
8. Total amount paid by borrower for employer state and local taxes assessed on employee compensation	\$ 1,022.33

**Compensation to Owners**

9. Total amount paid to owner-employees/SE individual/general partners	\$ 30,770.00
--	--------------

**Total Payroll Costs**

10. Payroll costs (add 1,4,6,7,8,9)	\$ 105,436.63
-------------------------------------	---------------

**Full-Time Equivalency (FTE) Reduction Calculation**

11. Average FTE during the Borrower's chosen reference period	6.1
12. Total average FTE (add 2,5)	3.3
13. FTE reduction quotient (divide 12 by 11) or enter <b>1.0</b> in FTE Safe Harbor is met	55%



## Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

### Schedule A Worksheet

**Table 1** - Annualized compensation <=\$100,000 for all 2019 pay periods **OR** not employed in 2019

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Joe	XXX-XX-1237	8,000.00	1.0	1,175.38
FTE Reduction Exceptions:			-	
Totals:		8,000.00	1.0	1,175.38

Box 1                      Box 2                      Box 3

**Table 2** - Annualized compensation >\$100,000 for any 2019 pay period

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Ken	XXX-XX-1238	15,385.00	0.4
Kenny	XXX-XX-1239	15,385.00	0.3
Kendrick	XXX-XX-1240	15,385.00	0.9
Kendal	XXX-XX-1241	14,000.00	0.8
Totals:		60,155.00	2.3

Box 4                      Box 5

Note - Bonus in Jan. 2019 bumped over \$100,000 annualized



# Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

## Single Employee Wage Detail

Employee Name	Joe
Employee Identifier	XXX-XX-1237

Payroll Date	Hours	Total Payroll	Hourly Wage
1/3/2020	24.00	\$ 1,080.00	\$ 45.00
1/10/2020	40.00	\$ 1,800.00	\$ 45.00
1/17/2020	40.00	\$ 1,800.00	\$ 45.00
1/24/2020	40.00	\$ 1,800.00	\$ 45.00
1/31/2020	40.00	\$ 1,800.00	\$ 45.00
2/7/2020	40.00	\$ 1,800.00	\$ 45.00
2/14/2020	40.00	\$ 1,800.00	\$ 45.00
2/21/2020	40.00	\$ 1,800.00	\$ 45.00
2/28/2020	40.00	\$ 1,800.00	\$ 45.00
3/6/2020	40.00	\$ 1,000.00	\$ 25.00
3/13/2020	40.00	\$ 1,000.00	\$ 25.00
3/20/2020	40.00	\$ 1,000.00	\$ 25.00
3/27/2020	40.00	\$ 1,000.00	\$ 25.00
3/31/2020	16.00	\$ 400.00	\$ 25.00
4/3/2020	24.00	\$ 600.00	\$ 25.00
4/10/2020	40.00	\$ 1,000.00	\$ 25.00
4/17/2020	40.00	\$ 1,000.00	\$ 25.00
4/24/2020	40.00	\$ 1,000.00	\$ 25.00
4/26/2020	16.00	\$ 400.00	\$ 25.00
5/1/2020	24.00	\$ 600.00	\$ 25.00
5/8/2020	40.00	\$ 1,000.00	\$ 25.00
5/15/2020	40.00	\$ 1,000.00	\$ 25.00
5/22/2020	40.00	\$ 1,000.00	\$ 25.00
5/29/2020	40.00	\$ 1,000.00	\$ 25.00

Q1

Safe Harbor 2. b.

APCP

Safe Harbor 2. c.

Pay cut

Split payperiod to get Q1 results

Split payperiod to get 4/26 results

5/8/2020	40.00	\$ 1,000.00	\$ 25.00
5/15/2020	40.00	\$ 1,000.00	\$ 25.00
5/22/2020	40.00	\$ 1,000.00	\$ 25.00
5/29/2020	40.00	\$ 1,000.00	\$ 25.00
6/5/2020	40.00	\$ 1,000.00	\$ 25.00
6/12/2020	40.00	\$ 1,000.00	\$ 25.00
6/19/2020	40.00	\$ 1,400.00	\$ 35.00
6/26/2020	40.00	\$ 1,400.00	\$ 35.00
6/30/2020	16.00	\$ 560.00	\$ 35.00

Pay raise

Split payperiod to get 6/30 results

## Example 3 – General Partnership, Additional Employees, Alternative Payroll Covered Period With Employee Reductions & Wage Decreases

**Sch A Table 1  
Salary/Hourly Wage Reduction Calculation**

Employee Name	Joe
Employee ID	XX-XX-1237
Salary(\$ ) or Hourly(H)	H
Estimated Average hourly pay rate 06/30/20	\$ 35.00
<b>Determination if Pay Was Reduced Greater Than 25%</b>	
1. a. Average hourly rate for CP or APCP	\$ 25.00
1. b. Average hourly rate 01/01 to 03/31/20	\$ 38.23
1. c. Percentage	65.39%
Pay rate was reduced more than 25%	<b>Y</b>
<b>Determine If Salary/Hourly Wage Reduction is Met</b>	
2. a. Hourly pay rate on 02/15/2020	\$ 45.00
2. b. Average hourly pay rate 02/15/20 to 04/26/20	\$ 28.85
2. c. Average hourly pay rate 06/30/2020	\$ 35.00
Meet salary/hourly wage reduction safe harbor	<b>N</b>

Salary/Hourly Wage Reduction for Hourly Employee			
	01/01/20 - 03/31/20	CP or APCP	
Total Pay	\$ 19,880.00	\$ 8,000.00	
Hours Worked	520.00	320.00	
Average Rate Per Hour	38.23	25.00	
3.a. 75% of Q1 And 100% of CP or APCP	28.67	25.00	
3.b Less than 75% of 01/01/2020 to 03/31/2020 hourly wage			\$ 3.67
3.c. Average Weekly Hours Worked in CP or APCP			40.00
3.d. Reduction in forgiveness attributable to this Employee A23			\$ 1,175.38