

**Paycheck Protection Program**  
**Loan Forgiveness Application Form 3508 Revised January 19, 2021**

OMB Control No.:  
3245-0407 Expiration

**Paycheck Protection Program**

**PPP Loan Forgiveness Application Form 3508EZ**

**OMB Control No. 3245-0407 Expiration Date: 12/31/2023**

**PPP LOAN FORGIVENESS APPLICATION FORM 3508EZ INSTRUCTIONS FOR BORROWERS**

**Checklist for Using SBA Form 3508EZ**

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508EZ if you can check at least one of the three boxes below. Do not submit this Checklist with your SBA Form 3508EZ.

The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020. Also ignore reductions in an employee's hours that the Borrower offered to restore and the employee refused. See 85 FR 33004, 33007 (June 1, 2020) for more details.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. If you can check at least one of the three boxes above, complete this SBA Form 3508EZ in accordance with the instructions below, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender. If you are unable to check one of the boxes above, you cannot use SBA Form 3508EZ and instead you must apply for forgiveness of your PPP loan using SBA Form 3508. To apply for forgiveness of your First or Second Draw Paycheck Protection Program (PPP) loan, you (the Borrower) may use the Form 3508EZ or the Form 3508S application or complete this application as directed in these instructions, and submit it to your Lender (or the Lender that is servicing your loan). Borrowers may also complete their application electronically through their Lender. Each PPP loan must use a separate loan forgiveness application form. You cannot use one form to apply for forgiveness of both a First Draw PPP Loan and a Second Draw PPP loan. For a Second Draw PPP Loan in excess of \$150,000, you must submit a loan forgiveness application for your First Draw PPP Loan before or simultaneously with the loan forgiveness application for your Second Draw PPP Loan, even if the calculated amount of forgiveness on your First Draw PPP Loan is zero.

If this application is being submitted for a First Draw PPP Loan approved on or before August 8, 2020 and the Borrower is required to submit an SBA Form 3508D disclosure of a controlling interest, that disclosure must be submitted to the lender not later than 30 days after submission of this loan forgiveness application. See subsection B.16 of SBA's interim final rule posted on January 6, 2021 (86 FR 3692).

This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.

**Instructions for PPP Loan Forgiveness Calculation Form-**  
**3508EZ**

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**Business Legal Name (“Borrower”)/DBA or Tradename (if applicable)/Business TIN (EIN, SSN):** Enter the same information as on your Borrower Application Form (SBA Form [2483](#), [SBA Form 2483-SD](#), or lender’s equivalent).

**Business Address/NAICS Code/Business Phone/Primary Contact/E-mail Address:** Enter the same information as on your Borrower Application Form, unless there has been a change in address or contact information. [If NAICS Code was not on the Borrower Application Form, match the business activity code provided on IRS income tax filings, if applicable.](#)

**First Draw PPP Loan or Second Draw PPP Loan:** Select the box that describes the PPP loan that this forgiveness application is for. If you only have one PPP loan, select First Draw PPP Loan.

**SBA PPP Loan Number:** Enter the loan number assigned by SBA at the time of loan approval. Request this number from the Lender if necessary.

**Lender PPP Loan Number:** Enter the loan number assigned to the PPP loan by the Lender.

**PPP Loan Amount:** Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).

**PPP Loan Disbursement Date:** Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds. If you received an authorized increase on your First Draw PPP Loan after December 27, 2020, you must enter the date on which you received the original disbursement of your PPP loan proceeds.

**Employees at Time of Loan Application:** Enter the total number of employees at the time of the PPP Loan Application.

**Employees at Time of Forgiveness Application:** Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

**PPP Loan Disbursement Date:** Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.

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**~~EIDL Advance Amount:~~** ~~If the Borrower received an Economic Injury Disaster Loan (EIDL) advance, enter the amount.~~

**~~EIDL Application Number:~~** ~~If the Borrower applied for an EIDL, enter the Borrower’s EIDL Application Number.~~

**~~Payroll Schedule:~~** ~~Select the box that corresponds to your payroll schedule.~~

**~~Covered Period:~~** ~~The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period. For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.~~  
**~~Alternative Payroll Covered Period:~~** ~~For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the 24-week (168-day) period or for loans received before June 5, 2020 at the election of the borrower, the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date. For example, if the Borrower is using a 24-week Alternative Payroll Covered Period and received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, October 10. Borrowers that elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to “the Covered Period or the Alternative Payroll Covered Period.” However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to “the Covered Period” only. In no event may the Alternative Payroll Covered Period extend beyond December 31, 2020.~~  
~~begins on the date the loan was originally disbursed. It ends on a date selected by the Borrower that is at least 8 weeks following the date of loan disbursement and not more than 24 weeks after the date of loan disbursement. For example, if the Borrower received their PPP loan proceeds on Monday, April 20, 2020, the first day of the Covered Period is Monday, April 20, 2020 and the final day of the Covered Period is any date selected by the Borrower between Sunday, June 14, 2020 and Sunday, October 4, 2020.~~

**If Borrower, Together with Affiliates, if Applicable, Received First Draw PPP Loans in Excess of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More:** Check the box if the Borrower, together with its affiliates (to the extent

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required under [subsection D.3. of SBA's interim final rule on affiliates \(85 FR 20817 \(April 15, 2020\)\)](#) posted on January 6, 2021 (86 FR 3692) and not waived under 15 ~~U.S.C.~~ [U.S.C. 636\(a\)\(36\)\(D\)\(iv\)](#)), received [\(a\) First Draw PPP Loans](#) with an original principal amount ~~in excess~~ of \$2 million [or more \(if this is a First Draw PPP Loan forgiveness application\), or \(b\) Second Draw PPP Loans with an original principal amount of \\$2 million or more \(if this is a Second Draw PPP Loan forgiveness application\).](#)

**Forgiveness Amount Calculation (see Summary of Costs Eligible for Forgiveness below):**

**Line 1:** Enter total eligible payroll costs incurred or paid during the Covered Period ~~or the Alternative Payroll Covered Period. To calculate these costs, sum the following:~~

~~Cash Compensation: The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154 for purposes of this 3508EZ. You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll Covered Period and whose principal place of residence is in the United States.~~

~~Employee Benefits: The total amount paid by the Borrower for:~~

- ~~1. Employer contributions for employee health insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation.~~
- ~~2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.~~
- ~~3. Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings. Owner Compensation: Enter any amounts paid to owners (owner employees, a self-employed individual, or general partners). For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower. For an 8-week Covered Period, this amount is capped at 8/52 of 2019 compensation (up to \$15,385). To calculate these costs, complete PPP Schedule A. Enter the amount from PPP Schedule A, line 10.~~

**Line 2:** Enter the amount of business mortgage interest payments paid or incurred during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.

**Line 3:** Enter the amount of business rent or lease payments paid or incurred for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.

**Line 4:** Enter the amount of business utility payments paid or incurred during the Covered Period, for business utilities for which service began before February 15, 2020.

**Line 5:** Enter the amount of covered operations expenditures paid or incurred during the Covered Period.

**Line 6:** Enter the amount of covered property damage costs paid or incurred during the Covered Period.

**Line 7:** Enter the amount of covered supplier costs paid or incurred during the Covered Period pursuant to a contract, order, or purchase order in effect prior to the beginning of the Covered Period (for perishable goods, the contract, order, or purchase order must have been in effect before or at any time during the Covered Period).

**Line 8:** Enter the amount of covered worker protection expenditures paid or incurred during the Covered Period.

*NOTE: For lines 2-4,8, you are not required to report payments that you do not want to include in the forgiveness amount.*

**Line 59:** Enter the number from PPP Schedule A, line 3. This amount reflects the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees as described in PPP Schedule A.

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**Line 10:** Add lines 1 through 4, subtract line 9, enter the total. If this amount is less than zero, enter a zero.

**Line 6:** ~~Enter the PPP Loan Amount.~~ **11:** Enter the number from PPP Schedule A, line 13.

**Line 12:** Enter the amount on line 10 multiplied by the amount on line 11. This calculation incorporates the loan forgiveness reduction required for any full-time equivalency (FTE) employee reductions as described in PPP Schedule A.

**Line 13:** Enter the PPP Loan Amount.

**Line 714:** Divide the amount on line 1 by 0.60, and enter the amount. This determines whether at least 60% of the potential forgiveness amount was used for payroll costs.

**Line 815:** Enter the smallest of lines 5, 6, or 7. ~~Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender. 12, 13, or 14.~~

**Summary of Costs Eligible for Forgiveness:**

Borrowers are eligible for loan forgiveness for the following costs:

1. **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the ~~24 week (168 day) or 8 week (56 day) Covered Period (or Alternative Payroll Covered Period)~~ (“payroll costs”). Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee’s pay is earned. Payroll costs incurred but not paid during the Borrower’s last pay period of the Covered Period ~~(or Alternative Payroll Covered Period)~~ are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period ~~(or Alternative Payroll Covered Period)~~. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. Count payroll costs that were both paid and incurred only once. Include only payroll costs for employees whose principal place of residence is in the United States. For information on what qualifies as payroll costs, see ~~Interim Final Rule on Paycheck Protection Program~~ SBA’s interim final rule posted on ~~April 2, 2020 (85 FR 20811)~~ January 6, 2021 (86 FR 3692), ~~as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020.~~ Include only payroll costs for employees whose principal place of residence is in the United States.
2. **Eligible nonpayroll costs.** Nonpayroll costs eligible for forgiveness consist of:
  - (a) covered mortgage obligations: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 (“business mortgage interest payments”);
  - (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”); ~~and~~
  - (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 (“business utility payments”);
  - (d) covered operations expenditures: payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting of tracking of supplies, inventory, records, and expenses;
  - (e) covered property damage costs: costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that were not covered by insurance or other compensation;
  - (f) covered supplier costs: expenditures made to a supplier of goods for the supply of goods that are essential to the operations of the Borrower at the time at which the expenditure is made, and made pursuant to a contract, order, or purchase order in effect prior to the beginning of the Covered Period (for perishable goods, the contract, order, or purchase order may have been in effect before or at any time during the Covered Period); and
  - (g) covered worker protection expenditures: operating or capital expenditures that facilitate the adaptation of the business activities of an entity to comply with the requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period starting March 1, 2020 and ending on the date on which the national emergency declared by the President with respect to the Coronavirus Disease 2019 (COVID-19) expires related to maintenance standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, but does not include residential real property or intangible property.

Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount. An eligible nonpayroll cost must be paid either during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing

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date, even if the billing date is after the Covered Period. ~~Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount.~~ Count nonpayroll costs that were both paid and incurred only once.

The amount of loan forgiveness the Borrower applies for may be subject to reductions as explained in PPP Schedule A.

**Instructions for PPP Schedule A**

**Lines 1 through 5:** Enter the amounts from PPP Schedule A Worksheet Tables as directed.

Enter the amount from line 3 of PPP Schedule A on line 9 of the PPP Loan Forgiveness Application Form.

**For lines 6 through 9, during the Covered Period:**

**Line 6:** Enter the total amount paid by the Borrower for employer contributions for employee group health, life, disability, vision, or dental insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add contributions for these benefits made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation.

**Line 7:** Enter the total amount paid by the Borrower for employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation.

**Line 8:** Enter the total amount paid by the Borrower for employer state and local taxes assessed on employee compensation (e.g., state unemployment insurance tax); do not list any taxes withheld from employee earnings.

**Line 9:** Enter any amounts the Borrower paid to owners (owner-employees (with an ownership stake of 5% or more), a self-employed individual, or general partners). For each individual owner in total across all businesses, this amount is capped at (a) \$20,833 (the 2.5-month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the individual's applicable compensation in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower.

**Line 10:** Add lines 1, 4, 6, 7, 8, and 9. Enter this amount on line 1 on the PPP Loan Forgiveness Calculation Form.

**Line 11:** Enter the Borrower's total average weekly full-time equivalency (FTE) during the chosen reference period. For purposes of this calculation, the reference period is, at the Borrower's election, either (i) February 15, 2019 to June 30, 2019; (ii) January 1, 2020 to February 29, 2020; or (iii) in the case of seasonal employers, either of the preceding periods or any consecutive 12-week period between February 15, 2019 and February 15, 2020. For each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet. Sum across all employees during the reference period and enter that total on this line.

The calculations on lines 11, 12, and 13 will be used to determine whether the Borrower's loan forgiveness amount must be reduced based on reductions in full-time equivalent employees, as required by the statute. Specifically, the actual loan forgiveness amount that the Borrower will receive may be reduced if the Borrower's average weekly FTE employees during the Covered Period was less than during the Borrower's chosen reference period. The Borrower is exempt from such a reduction, and should skip lines 11 and 12, if any of the three criteria listed on PPP Schedule A under Full-Time Equivalency (FTE) Reduction Calculation has been met.

**Line 12:** Add lines 2 and 5.

**Line 13:** Divide line 12 by line 11 (or enter 1.0 if any of the three criteria listed on PPP Schedule A under Full-Time Equivalency (FTE) Reduction Calculation has been met). If more than 1.0, enter 1.0. Enter this amount on line 11 of the Loan Forgiveness Calculation Form.

Instructions for PPP Schedule A Worksheet

Complete the PPP Schedule A Worksheet or obtain an equivalent report from the Borrower's payroll system or payroll processor.

Table Instructions

Employee's Name: Separately list each employee. Do not include any independent contractors, owner-employees (with an ownership stake of 5% or more), self-employed individuals, or partners. Include only payroll costs for employees whose principal place of residence is in the United States.

Employee Identifier: Enter the last four digits of each employee's Social Security Number.

Cash Compensation: Enter the sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period. Do not include qualified wages taken into account in determining the Employer Retention Credit. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For example, for an 8-week Covered Period, the maximum is \$15,385, for a 24-week Covered Period, the maximum is \$46,154.

Average FTE: This calculates the average full-time equivalency (FTE) during the Covered Period. For each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period was less than during the Borrower's chosen reference period (see Instructions to PPP Schedule A, Line 11). The Borrower is exempt from such a reduction if either of the FTE Reduction Safe Harbors applies. See the FTE Reduction Safe Harbor instructions below.

Salary/Hourly Wage Reduction: This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in employee salary and wages. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual amount of loan forgiveness the Borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period was less than during the most recent full quarter before the Covered Period. If the Borrower restored salary/hourly wage levels, the Borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount. Borrowers must complete this worksheet to determine whether to reduce the amount of loan forgiveness for which they are eligible. Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period as compared to the most recent full quarter before the Covered Period. For each employee listed in Table 1, complete the following (using salary for salaried employees and hourly wage for hourly employees):

Step 1. Determine if pay was reduced more than 25%.

- a. Enter average annual salary or hourly wage during Covered Period: \_\_\_\_\_
- b. Enter average annual salary or hourly wage during the most recent full quarter before the Covered Period: \_\_\_\_\_
- c. Divide the value entered in 1.a. by 1.b.: \_\_\_\_\_  
If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.

Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.

- a. Enter the annual salary or hourly wage as of February 15, 2020: \_\_\_\_\_
- b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020: \_\_\_\_\_  
If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.
- c. Enter the average annual salary or hourly wage as of (a) for a PPP loan made before December 27, 2020, December 31, 2020 or (b) for a PPP loan made after December 27, 2020, the last day of the Covered Period: \_\_\_\_\_  
If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.

Step 3. Determine the Salary/Hourly Wage Reduction.

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a. Multiply the amount entered in 1.b. by 0.75: \_\_\_\_\_.

b. Subtract the amount entered in 1.a. from 3.a.: \_\_\_\_\_.

If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

c. Enter the average number of hours worked per week during the most recent full quarter before the Covered Period: \_\_\_\_\_.

d. Multiply the amount entered in 3.b. by the amount entered in 3.c. \_\_\_\_\_ . Multiply this amount by the number of weeks in the Covered Period (a whole number between 8 and 24): \_\_\_\_\_ . Enter this value in the column above box 3 for that employee.

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

e. Multiply the amount entered in 3.b. by the number of weeks in the Covered Period: \_\_\_\_\_ . Divide this amount by 52: \_\_\_\_\_ . Enter this value in the column above box 3 for that employee.

**FTE Reduction Exceptions:** Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before (a) December 31, 2020, for a PPP loan made before December 27, 2020 or (b) the last day of the Covered Period, for a PPP loan made after December 27, 2020; (2) any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period and the employee rejected the offer, and (3) any employees who during the Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

**Boxes 1 through 5:** Enter the sums of the amounts in each of the columns.

**FTE Reduction Safe Harbors**

Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

1. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the Borrower, in good faith, is able to document that it was unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period), by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
2. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the Borrower then restored its FTE employee levels to its FTE employee levels in the Borrower's pay period that included February 15, 2020 by not later than (i) December 31, 2020, for a PPP loan made before December 27, 2020, or (ii) the last day of the Covered Period, for a PPP loan made after December 27, 2020.

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**Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application ~~Form 3508EZ~~**

**PPP Loan Forgiveness Calculation Form ~~3508EZ~~ PPP Schedule A**

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the ~~Covered Period or the Alternative Payroll~~ Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period ~~or the Alternative Payroll Covered Period~~:
  - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee group health, life, disability, vision or dental insurance and retirement plans that the Borrower included in the forgiveness amount. ~~d. If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period. (PPP Schedule A, lines (6) and (7)).~~

**FTE:** Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per week employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between February 15, 2019 and February 15, 2020.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.

**Nonpayroll:** ~~Documentation~~ For categories a-c, documentation verifying existence of the obligations/services prior to February 15, 2020 and, for all categories, eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
- d. Covered operations expenditures: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
- e. Covered property damage costs: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments, and documentation that the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020 and such costs were not covered by insurance or other compensation.
- f. Covered supplier costs: Copy of contracts, orders, or purchase orders in effect at any time before the Covered Period (except for perishable goods), copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
- g. Covered worker protection expenditures: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments, and documentation that the expenditures were used by the Borrower to comply with applicable COVID-19 guidance during the Covered Period.

**Documents that Each Borrower Must Maintain but is Not Required to Submit**

PPP Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the ~~certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and~~



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~~show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period or Alternative Payroll Covered Period, listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.~~

b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that

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each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.

- c. Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before ~~December 31,~~(i) December 31, 2020 for a PPP loan made before December 27, 2020 or (ii) the last day of the Covered Period for a PPP loan made after December 27, 2020.

~~Documentation supporting the certification, if applicable, that the Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period (other than any reductions that arose from an inability to rehire individuals who were employees on February 15, 2020, if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020). This documentation must include payroll records that separately list each employee and show the amounts paid to each employee between January 1, 2020 and the end of the Covered Period.~~

- d. Documentation supporting the certification, if applicable, that the Borrower was unable to operate between February 15, 2020~~2020~~, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020~~(or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period)~~ by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.
- e. Documentation supporting the PPP Schedule A Worksheet "FTE Reduction Safe Harbor 2.

All records relating to the Borrower's PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan (including the Borrower's gross receipt reduction certification for a Second Draw PPP Loan, if applicable), documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements.

**Records Retention Requirement:** The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request. The Borrower must provide documentation independently to a lender to satisfy relevant Federal, State, local or other statutory or regulatory requirements or in connection with an SBA loan review or audit.