



Covid-19 Resources

FAQs – May 7, 2020

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to evolve and change very rapidly, but please know that our team is working as quickly as possible to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions. Below are the most recent questions we have been fielding.

Q1. How do I best track qualified expenses of PPP Funds?

Answer: As recommended previously, maintaining a separate checking account is ideal to ensure funds are used appropriately. You can pay for qualified expenses such as Rent, Health Insurance, and Utilities directly out of your PPP Checking account. In instances where checks are not available yet for your new account, or where you cannot change payment information, simply reimburse your regular account for these payments by transferring from your PPP account the same dollar amount and as close to the same date as possible. Be sure to use separate transfer amounts for each expense.

As a reminder, payroll and debt payments are limited. Only gross wages (capped per individual) and state unemployment taxes are qualified expenses for payroll. And only the interest portion for debt payments. The use of PPP funds needs to be reduced or reimbursed by other funds for these non-qualified costs (i.e. excess compensation, employer taxes and principal payment on debt).

The cap for individual compensation is up to \$100,000 of annual pay per person, so a total of \$15,384.62 in the 8-week period or \$1,923.08 per week. This is also the maximum for owner compensation replacement (i.e. draws for sole proprietors or partners) but is limited to your 2019 self-employment income. If you made under \$100,000 you need to use 8/52 of your 2019 self-employment income and limit draws paid out of your PPP funds to that.

Should you have any questions or concerns reach out to your Account Manager. Additional detail on recordkeeping can be found on our 4/14 FAQs found [here](#).

Q2. Should I be doing anything different with my bookkeeping before I open back up again?

Answer: Documentation will be very important as it relates to loan forgiveness, we recommend keeping up to date with your QuickBooks file and making sure everything is reconciled as soon as possible. Now is also a perfect time to address any training or bookkeeping issues you may not have had time for in the past. If you have not yet converted to QuickBooks Online, we highly suggest you consider doing so as it allows you to access your QuickBooks from any location and the added benefit it enables us to access your account in real time and avoids having to transfer files back and forth. We can assist with setting up and transferring your desktop file or helping you choose which pricing level makes the most sense for you. We may also be able to get you a discount by signing up through our account.

We are finding that different lenders are including language in their PPP loans about using specific bank accounts or not opening new accounts without their consent. We have previously recommended using a separate account for your PPP funds. If you have questions about how to track and record your spending within QuickBooks, please let us know as soon as possible so that we can have things setup before you are busy seeing patients.

Q3. If I receive both PPP and EIDL loan funds am I required to combine them? Are there other complications of receiving both?

Answer – Part 1: The loans are only combined if your EIDL loan funds were received between January 31, 2020 and April 3, 2020. In that (rare) case – the amount of the EIDL loan is added to the PPP Loan application and refinanced by the PPP loan.

Answer – Part 2 (Complications from receiving both loans): You must be very careful not to use EIDL loans for those expenses that qualify for PPP loan forgiveness. Please see our PPP Allowable Expense List [here](#) and PPP Expense Tracking Worksheet [here](#).

Q4. If I received the PPP loan funds but return them by May 14th, can I instead utilize the Retention Credit?

Answer: Yes. An employer that applied for a PPP loan, received payment, and repays the loan by the safe harbor deadline (May 14, 2020) will be treated as though the employer had not received a covered loan under the PPP for purposes of the Employee Retention Credit. Therefore, the employer will be eligible for the credit if the employer is otherwise an eligible employer for purposes of the credit.

Q5. I received an email from the SBA indicating that I was approved for the EIDL Loan. What do I do now? Do I want this loan as well as the PPP loan?

Answer: Maybe. The email from the SBA is a result of applying for the EIDL grant. At this point, we recommend you move this process forward but do not actually sign the loan documents and take the loan yet. Begin by logging on to the site, verifying your identity, choosing the loan amount (we would be inclined to go for the maximum of \$150k). Then, you can go in as if you were going to sign. You will have to click yes to agreeing to electronically sign. As soon as you do that, you will see the loan document and have the option to print the document. You should end up with about a 19-page document. Print it and save it to PDF. Then choose the option to finish later. We do not recommend you sign the document yet!

Once you have the loan document, read it in full. We believe you will have 60 days to approve or decline the loan and we think it best to sit on this for a bit. You may end up electing to take this loan as it is such a low interest rate and over 30 years, but for now, sit tight until we have some clarity on the PPP loan and how the practice progresses in the coming weeks.

Dental Group, LLC - We will be working both in the office and remotely in the coming weeks. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off tax documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

Our focus in the coming weeks will be on finishing tax returns such that if a refund is due to you, we can get that as quickly as possible; we are of course continuing to monitor developments so that we can be a resource to you in making decisions relative to your practice and personal finances.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.