



Washington
Hospitality
Association

ADVISORY NETWORK WEBINARS
SERIES W/ RICK BRAA
ECONOMIC AID ACT

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PPP-WHAT IS INCLUDED IN FORGIVENESS

 Payroll excluding federal employer taxes at least 60% of loan

- Maximize ERC First!
- Wages, Bonuses, Commissions, Hazard pay
- State and local employer taxes
- Benefits—healthcare, retirement, new: group life, group disability, dental and vision
- Tips!!!
- Stay big on the rest of the expenses, work with bank on stmt method

 Rent

 Utilities

 Mortgage Interest (loan documents show collateralization)

PPP-WHAT IS INCLUDED IN FORGIVENESS

- 👛 Interest payments on any debt obtained prior to 2/15/20
- 👛 Covered operations expense:
payments for any business software or cloud computing service that facilitates:
 - business operations, product or service delivery
 - processing payment or tracking of payroll expenses, human resources, sales and billing functions
 - accounting or tracking of supplies, inventory, records and expenses

PPP-WHAT IS INCLUDED IN FORGIVENESS



Covered property damage costs not covered by insurance



Covered supplier costs

expenditures made by a borrower to a supplier of goods for the supply of goods that:

(A) are essential to the operations of the borrower at the time at which the expenditure is made AND

(B) is made pursuant to a contract, order, or purchase order—

(i) in effect at any time before the covered period with respect to the applicable covered loan; **or**

(ii) with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan




PPP-WHAT IS INCLUDED IN FORGIVENESS



Covered worker protection expenditures

- Operating or capital expenditures to facilitate the adaptation of the business activities of an entity to comply with requirements of Department of Health, CDC, OSHA, State or local government beginning 3/1/20 to meet standards of sanitation , social distancing, or any other worker or customer safety requirement related to COVID-19
 - purchase, maintenance, or renovation of assets that create or expand:
 - drive-through window facility
 - indoor, outdoor, or combined air or air pressure ventilation or filtration system
 - physical barrier such as a sneeze guard
 - expansion of additional indoor, outdoor, or combined business space
 - onsite or offsite health screening capability
 - other assets relating to the compliance with the requirements or guidance described

RULES AROUND OWNER INCOME

-  S-Corps and C-Corps
 - <5% Owners treated as any other employee
 - >5% Owners limited to \$20,833 (salary*2.5/12)
-  Partnerships
 - Owners limited to lesser of $2.5/12 * K-1 \text{ SE earnings} * .9235$ or \$20,833
-  LLCs follow the tax filing structure

ADDITIONAL BENEFITS OF PPP



Expenditures that are forgiven are not taxable



5-year term with one-year deferral



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THANK YOU!



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