

SMALL BUSINESS ASSISTANCE

Paycheck Protection Program Forgiveness Documentation

Introduction

PPP Borrowers are responsible for understanding the Small Business Administration's rules. We are providing this information based on the text of current laws and regulations, and guidance from the SBA (and other regulatory authorities).

You will be required to submit documentation supporting your application for loan forgiveness. The documents required may differ depending on whether you are using SBA Form 3508S, 3508EZ or 3508. For a complete list of documentation required, please see the Loan Forgiveness Application Instructions for Borrowers for Form 3508S, 3508EZ and 3508 (links to these instructions can be found [here](#) in this document).

Subject to additional SBA guidance, we anticipate that Borrowers will be expected to (1) complete the applicable PPP Loan Forgiveness Application (via your Bank of America online portal) and (2) submit the following documentation: [Payroll Documentation](#), [FTE Documentation](#) and [Non-Payroll Documentation](#).

Checklist for Submitting Documentation with Your Application

- ✓ Please make sure that all documentation uploaded to support your PPP loan forgiveness application:
 - o Includes your Business name/DBA or TIN / EIN
 - **NOTE:** It is important that the documentation you submit be in the **same** Business name/DBA or Trade name (if applicable)/Business TIN (EIN, SSN) as the Borrower name in the forgiveness application.
 - o Covers the [applicable period](#)
 - o Is the type of documentation permitted to support such claim as noted below
- ✓ Please make sure that all documentation needed to support the applicable claim is provided (e.g. some claims require at least two documents or may require multiple documents to cover the entire applicable period)
- ✓ It may be necessary to prorate certain payroll and/or non-payroll expenses

Payroll Documentation

Payroll documentation verifying the eligible employee cash compensation and non-cash benefit payments during the applicable 8-week or 24-week [Covered Period](#) (or [Alternative Payroll Covered Period](#)), may include:

Claim Type	Permitted Documentation Type(s)
<p>Cash Compensation paid to Employees:</p>	<ul style="list-style-type: none"> • Bank account statements or third-party payroll service provider reports, documenting the gross amount of all cash compensation paid to employees (including tips, commissions, bonuses, paid leave, allowance for separation or dismissal, and hazard pay) <p>Note: This documentation is only required to the extent cash compensation paid to employees is included in your requested forgiveness amount.</p>
<p>Compensation paid to Owners</p>	<ul style="list-style-type: none"> • Sole Proprietors, Independent Contractors: 2019 IRS Form 1040 Schedule C • Self-Employed Farmers: 2019 IRS Form 1040 Schedule 1 and Schedule F • Partnerships: 2019 K-1s and 2020 bank account statements or 2020 third-party payroll service provider reports to evidence disbursement to partners during the Covered Period or Alternative Payroll Covered Period • C or S Corporations: 2020 third-party payroll service provider reports or bank statements identifying payroll payments paid to owner-employees during the Covered Period or the Alternative Payroll Covered Period <p>Note: This documentation is only required to the extent Compensation paid to Owners is included in your requested forgiveness amount.</p>

<p>Employer Contributions for Health Insurance and Retirement Plans</p>	<ul style="list-style-type: none"> • Payment receipts, cancelled checks (front and back), account statements or third party payroll reports from the Covered Period or the Alternative Payroll Covered Period documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount • Payment Evidence: <ul style="list-style-type: none"> o ACH transactions are acceptable as evidence of a payment if it contains the payment date, payee, payer and payment amount o Cash application receipts (e.g. Zelle, Venmo, etc.) are acceptable as evidence of a payment receipt if the document contains the payment date, payee, payer and payment amount. If the documentation does not contain all the required information, a supporting Bank Statement containing the missing items (i.e. payment date, payee, payer and payment amount) can be used if the document reflects the appropriate debit amount and contains the information missing from the cash application receipt <p>Note: This documentation is only required to the extent employer contributions for Health Insurance and/or Retirement Plans are included in your requested forgiveness amount.</p>
<p>Employer Paid State and Local Taxes</p>	<ul style="list-style-type: none"> • State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state (or equivalent third-party payroll service provider reports) documenting the amount of employer state and local taxes assessed on employee compensation (e.g. state unemployment insurance tax) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period <p>Note: This documentation is only required to the extent Employer Paid State and Local Taxes assessed on employee compensation are included in your requested forgiveness amount.</p>

<p>Payroll Tax Documentation</p>	<ul style="list-style-type: none"> Documentation for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period, including 2020 Payroll tax filings reported, or that will be reported, to the IRS (typically, IRS Form 941), or equivalent third-party payroll service provider reports <p>Note: This is documentation is required for all Borrowers unless such Borrowers do not file Form 941s.</p>
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FTE documentation

FTE documentation showing the average number of full-time equivalent (FTE) employees on payroll employed by the Borrower, during one of the applicable periods below, may include:

Claim Type	Permitted Documentation Type
Payroll Tax	<ul style="list-style-type: none"> Filings reported, or that will be reported, to the IRS (typically IRS Form 941) (or equivalent third-party payroll service provider reports)
State Tax	<ul style="list-style-type: none"> State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state (or equivalent third-party payroll service provider reports)

- For Borrowers using the standard **SBA Form 3508 PPP** Loan Forgiveness Application, the FTE documentation must show the average number of FTE employees on payroll per week employed by the Borrower during one of the periods below (as elected by the Borrower):
 - February 15, 2019 through June 30, 2019;
 - January 1, 2020 through February 29, 2020; or
 - For seasonal employers: February 15, 2019 through June 30, 2019; January 1, 2020 through February 29, 2020; or any consecutive 12-week period between May 1, 2019 and September 15, 2019; provided that a seasonal employer that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount must use the same 12-week period as the reference period for calculation of any reduction in the amount of loan forgiveness
- For Borrowers using **SBA Form 3508EZ**, and who checked **only** the second box on the checklist on page 1 of the instructions to the EZ PPP Loan Forgiveness Application, the FTE documentation must show the average number of FTE employees on payroll employed by the Borrower on January 1, 2020 **and** at the end of the Covered Period or Alternative Payroll Covered Period.
- For Borrowers using the **SBA Form 3508S**, **no FTE documentation will be required.**

Non-Payroll documentation

Non-Payroll documentation verifying the existence of obligations/services before February 15, 2020 and eligible payments from the Covered Period may include:

Claim Type	Permitted Documentation Type
<p>Business Mortgage Interest Payments</p>	<ul style="list-style-type: none"> • Copy of lender amortization schedule (proof of obligation) and receipts or cancelled checks (front and back) verifying eligible payments from the Covered Period (proof of payment); 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 (proof of obligation and payment); and • Proof that business mortgage obligation was in existence before February 15, 2020, which can include: a lender amortization schedule showing the obligation prior to February 15, 2020 or a lender account statement from February 2020 <p>Note: This documentation is only required to the extent Business Mortgage Interest expenses are included in your requested forgiveness amount.</p>

Business Rent or Lease Payments

- Copy of current lease agreement (proof of obligation) **and** receipts or cancelled checks (front and back) verifying eligible payments from the Covered Period (proof of payment); **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 (proof of obligation and payment); **and**
- **Proof that business rent or lease obligation was in existence before February 15, 2020** which can include: a copy of a current lease agreement showing the lease was in existence prior to February 15, 2020 or a lessor account statement from February 2020.
- Lease agreements should contain the following information:
 - o Tenant Name
 - o Landlord Name
 - o Effective Start Date
 - o Signature of Both Parties
- Rent or lease payments made to a related party cannot exceed the amount of the mortgage interest owed on the property during the Covered Period that is attributable to the space being rented.

Note: This documentation is only required to the extent rent or lease payments are included in your requested forgiveness amount.

<p>Business Utility Payments</p>	<ul style="list-style-type: none">• Copy of invoices from February 2020 and those paid during the Covered Period (proof of obligation); and receipts, cancelled checks (front and back) or account statements verifying those eligible payments (proof of payment); and• <i>Proof that the business utility obligation/ service was in existence before February 15, 2020</i> which can include invoices from February 2020 or account statements from February 2020 <p>Notes:</p> <ul style="list-style-type: none">▪ This documentation is only required to the extent business utility expenses are included in your requested forgiveness amount.▪ Eligible business utility expenses include business payments for the distribution of electricity, gas, water, transportation, telephone and/or internet access.
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Applicable Periods

The **Covered Period** begins on the PPP loan disbursement date and runs for 24 weeks (or until December 31, 2020, if that occurs before the end of the 24-week period); provided that Borrowers who received a PPP loan before June 5, 2020 may still elect a Covered Period that runs for 8 weeks beginning on the PPP loan disbursement date.

The **Alternative Payroll Covered Period** can be used for administrative convenience for Borrowers with a biweekly (or more frequent) payroll schedule. Such Borrowers 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 8-week (56-day) period) that begins on the first day of their first pay period following their PPP loan disbursement date. Borrowers that elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in the PPP loan forgiveness application to “the Covered Period or the Alternative Payroll Covered Period.” However, Borrowers must apply the Covered Period (and not the Alternative Payroll Covered Period) wherever there is a reference in the PPP loan forgiveness application to “the Covered Period” only. In no event may the Alternative Payroll Covered Period extend beyond December 31, 2020.

The Paycheck Protection Program Forgiveness Applications (SBA Form 3508 or 3508EZ) cover many special circumstances, provide information on selection of the Covered Period (or Alternative Payroll Covered Period) for payroll, and address how to treat FTE Reduction. The SBA also continues to provide updates on forgiveness documentation requirements at [SBA.gov](https://www.sba.gov)

External Resources:

- [SBA Loan Forgiveness Application Form 3508S](#)
- [SBA Loan Forgiveness Application Instructions \(SBA Form 3508S\)](#)
- [SBA Loan Forgiveness Application Form 3508EZ](#)
- [SBA Loan Forgiveness Form Instructions \(SBA Form 3508EZ\)](#)
- [SBA Loan Forgiveness Application Form 3508](#)
- [SBA Loan Forgiveness Application Instructions \(SBA Form 3508\)](#)
- [Small Business Paycheck Protection Program Information](#)
- [SBA Paycheck Protection Program Information](#)

Important Note: *This document is for informational purposes only, and is based on the SBA guidance available at the time. The Small Business Administration and the Department of Treasury continue to provide additional guidance concerning the Paycheck Protection Program, including amending or rescinding prior guidance. Thus, Bank of America makes no representation that information contained herein is up-to-date or complete. Before submitting a request for loan forgiveness, Borrowers should visit the SBA, U.S. Treasury Assistance for Small Businesses, and U.S. Treasury FAQ websites for the latest information and guidance related to the Paycheck Protection Program.*

[Back to beginning](#)