

PPP Forgiveness

Documentation requirements for payroll and non-payroll verification

Payroll documentation required for 3508 and 3508EZ forms

Cash compensation to employees and non-cash benefit payments

- Third-party payroll service provider report or bank account statements* documenting the amount of cash compensation paid; **and**
- Federal payroll tax filings, typically Form 941 (reported or that will be reported) to the IRS; **and**
- If the borrower is including Employer Paid State and Local Taxes assessed on employee compensation in the requested forgiveness amount and is necessary to achieve full forgiveness of the requested amount – state quarterly business and individual wage reporting and unemployment insurance tax filings (reported or that will be reported) for the relevant state

Example:

[New York Quarterly Combined Withholding, Wage Reporting, And Unemployment Insurance Return](#)

For those self-employed

- Sole proprietors/independent contractors – 2019 IRS Form 1040 Schedule C
- Self-employed farmers – 2019 IRS Form 1040 Schedule F

For net earnings of general partners:

- Schedule K-1 – 2019 IRS Form 1065

Employer contributions for health insurance, if applicable

- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance plans that the borrower included in the forgiveness amount

Employer contributions for retirement plans, if applicable

- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee retirement plans that the borrower included in the forgiveness amount

Non-payroll documentation required for 3508 and 3508EZ forms

Business mortgage interest payments, if applicable

- Lender account statements for February 2020 and for the months of the covered period plus the month following the end of the covered period; **or**
- Copy of lender amortization schedule; **and**
- Receipts or cancelled checks verifying eligible payments for the months of the covered period

Business rent or lease payments, if applicable

- Lessor account statements for February 2020 and for the months of the covered period plus the month following the end of the covered period; **or**
- Copy of current lease agreement; **and**
- Receipts or cancelled checks verifying eligible payments for the months of the covered period

Note: Lease agreements should contain the tenant name, landlord name, lease payment amount, effective start date, and signature of both parties.

Note: 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.

Business utility payments, if applicable

- Utility invoices for February 2020 and those paid during the covered period; **and**
- Payment receipts, cancelled checks, or account statements verifying the claimed payments

Covered operations expenditures, if applicable

- Invoices, orders, or purchase orders paid during the covered period; **and**
- Payment receipts, cancelled checks, or account statements verifying the claimed payments

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Covered property damage costs, if applicable

- Invoices, orders, or purchase orders paid during the covered period; **and**
- Payment receipts, cancelled checks, or account statements verifying the claimed payments; **and**
- Documentation showing costs were related to property damage, vandalism, or looting due to public disturbances that occurred during 2020 and such costs were *not* covered by insurance or other compensation

Covered supplier costs, if applicable

- Invoices, orders, or purchase orders in effect *before* the covered period; **and**
- Payment receipts, cancelled checks, or account statements verifying the claimed payments

Covered worker protection expenditures, if applicable

- Invoices, orders, or purchase orders paid during the covered period; **and**
- Payment receipts, cancelled checks, or account statements verifying the claimed payments; **and**
- Documentation that the expenditures were used by the borrower to comply with applicable COVID-19 guidance during the covered period