



## **Covid-19 Resources**

### **FAQs – April 14, 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.

**Note: For details on qualifying for PPP Loan Forgiveness – See Covid-19 Resources – April 13, 2020: [www.dentalgroupllc.com](http://www.dentalgroupllc.com)**

#### **RECORD KEEPING FOR THE PPP Loan FORGIVENESS PROGRAM**

We understand US Treasury will be issuing regulations for the PPP Loan Program on April 27th. At that time, we will have a clearer picture as to what expenses will be allowed and how they must be documented. In the meantime, we will provide you with some basic direction until we have clearer guidelines.

**Q1. Do I need a separate bank account to keep track of these funds?**

**Answer:** Yes, we recommend you open a separate bank account so that you can track the use of these funds as cleanly as possible.

**Q2. But what if the funds were automatically deposited into my existing account?**

**Answer:** Ask your banker to open a new account and transfer the full amount of the PPP loan proceeds into the new account.

**Q3. Do I need to order checks for this account?**

**Answer:** You may either order a small quantity of checks or if online bill pay is an option with your bank you may go that route.

**Q4. How do I start spending the funds?**

**Answer 1:** You may write checks or set up bill pay for the following items directly from this PPP bank account:

- Rent check
- Group health insurance premiums
- Interest portion of debt payments for debt that were incurred before February 15, 2020
- Utilities including telephone and internet

**Answer 2:** If you have a monthly auto payment currently set up from your existing bank or credit card accounts (such as for your practice loan payment; building loan payment, internet bill), we recommend you transfer funds from the PPP account in exact dollar amounts to the regular practice bank account or to pay the credit card. Each “payment” from the PPP account should be shown as a transfer but reference what it is being transferred for in the memo. We highly recommend keeping a duplicate set of invoices, statements, or other documentation in your PPP qualified expenditures file (hard copy or digital) (See below).

**Answer 3:** With regard to payroll, we recommend you change the payroll and taxes to come out of the PPP account. Once the payroll is complete, you must then compare the total amount taken from the account with the actual forgivable expenses (gross wages and state taxes) and transfer any excess back into the PPP account from your operating account. For example, employer FICA taxes are not qualified expenses and should be reimbursed from your general account to your PPP account. Again, document the transfer with the appropriate page(s) of your payroll report.

Alternatively, you can continue to run payroll and have the payments come from your operating account. Then, run the payroll reports that show gross wages and state unemployment taxes. Sum those two amounts and then transfer that exact amount from your PPP account into the operating account. (Remember not all of the payroll costs qualify for loan forgiveness and anything that is not loan forgiveness must be paid by another source). If Employer retirement plan matching contributions are paid through payroll add these as well.

**Answer 4:** Similar to payroll, there may be other items you pay that don’t fully qualify for loan forgiveness such as the principal portion of your mortgage payment. In this case, you should either issue two checks (one from the PPP loan for the interest and one from your operating account for the principal) or pay directly from the operating account and then transfer funds from the PPP to the operating account for the allowed portion and documenting the file with an invoices or amortization schedule that documents the interest amount.

**Q5. Do I need to keep paperwork for all of this?**

**Answer:** Yes! We recommend you keep a separate folder (paper or digital) that supports each and every expense paid by the PPP loan. We also recommend you do this in duplicate meaning that you should maintain your normal documentation and keep a duplicate specifically to document the PPP loan.

**Q6. If I am a sole proprietor or a partner, can I include my draws as part of payroll?**

**Answer:** We don’t have clear guidance on that as of yet. We are hoping that will come in late April. For the short term, we recommend not utilizing the funds for your personal draws.

**Q7. Isn’t there an easier way to track all of this?**

**Answer:** Maybe. If you are comfortable using Excel, we have created a tool that you may be able to use to track and document the expenditures in addition to doing so in QB; however, they still need to be well-documented.

**The Excel tool can be found at our website – [click here to access](#)**

**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 need to come to our office, please call ahead to coordinate timing.

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.