

Paycheck Protection Program FAQ: Applying for Loan Forgiveness

This document is meant to provide you with general information and [FAQs](#) related to PPP Loan Forgiveness. Please refer to [SBA resources](#) for further information.

Applying for PPP Loan Forgiveness

Our process for submitting PPP Forgiveness applications has changed as of September 1, 2023.

If your original PPP Loan amount is \$150,000 or less, and you wish to apply for PPP Loan Forgiveness, you can do so directly with the [SBA PPP Direct Forgiveness Portal](#)

The SBA also offers live customer service to borrowers at 877 552 2692.

The SBA has provided a Direct Forgiveness Portal User Guide which can be found [here](#)

If your original PPP Loan amount is greater than \$150,000, and you wish to apply for PPP Loan Forgiveness, the authorized representative of the loan may contact us at 877 579 5300, Monday through Friday, 8 a.m. to 5 p.m. ET; or contact your assigned Banker or Relationship Manager to input a request to start the PPP Forgiveness process.

You must provide your **SBA Loan Number** with your request

Our PPP Forgiveness Team will contact the authorized representative of the PPP loan with additional details to the forgiveness process.

Preparing for PPP Loan Forgiveness

If you have used all your PPP Loan funds for eligible expense and at least 60% of those expenses were used for Payroll, you should start by gathering the following information to prepare your forgiveness application:

- PPP Loan Amount
- Loan Disbursement Date (Covered Period Start Date)
- Covered Period End Date (choose a date between 8 and 24 weeks from Loan Disbursement)
- Amount of Loan spent on Payroll Costs
- Amount of Loan spent on Non-Payroll Costs
- Requested Forgiveness Amount
- Number of Employees at Loan Application
- Number of Employees at Forgiveness Application
- Authorized Signer Identification and Contact Information
- NAICS Code
- Required Documentation to support your eligible forgiveness expenses claimed ([see below](#))

Which Forgiveness Application Form Should I Choose – 3508S, 3508EZ, or 3508?

- Use [3508S](#) (Simplified Application) if your PPP Loan was for \$150,000 or less., apply for loan forgiveness via [SBA PPP Direct Forgiveness Portal](#)
- Use [3508EZ](#) (EZ Application) if your PPP loan was more than \$150,000 **and** you can satisfy at least one of the [EZ Checklist boxes](#) below.
- Use [3508](#) (Standard Application) if your PPP loan was more than \$150,000; **and** you cannot satisfy at least one of the [EZ Checklist boxes](#) below.

Loan Forgiveness Covered Period

For your PPP loan, you must tell us the period over which you utilized your PPP loan funds. This is known as the “loan forgiveness Covered Period”.

Your forgiveness Covered Period generally begins on the date you received your PPP funds (or if you received them on more than one date, the first date you received PPP funds), and ends on a date selected by you between 8 to 24 weeks thereafter. You don’t have to use all your loan proceeds during the loan forgiveness covered period, but only eligible costs paid during that period (and certain eligible costs incurred but not paid during that period) are eligible for forgiveness. Costs incurred after the loan covered are not eligible to be included in your forgiveness request.

You must input a Covered Period End Date that is between 8 and 24 Weeks from Covered Period Start Date.

Eligible Payroll Costs

Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the 24-week (168-day) or 8-week (56-day) Covered Period.

When applying for forgiveness, at least 60% of the costs claimed must be payroll costs and only 40% of the costs documented can be non-payroll costs.

To calculate eligible payroll costs incurred or paid during the Covered Period, add Cash Compensation, Employee Benefits, Employer paid State and Local taxes assessed on employee compensation, and Owner Compensation, as follows:

Cash Compensation:

- The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period.
- Do not include qualified wages taken into account in determining (a) the Employee Retention Credit under section 2301 of the CARES Act, as amended by sections 206 and 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020; (b) the Employee Retention Credit under section 3134 of the Internal Revenue Code of 1986, as enacted by the American Rescue Plan Act of 2021; and (c) the disaster credit under section 303 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.
- For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For example, for an 8-week Covered Period, the maximum is \$15,385; for a 24-week Covered Period, the maximum is \$46,154.
- You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period and whose principal place of residence is in the United States.

Employee Benefits - The total amount paid by the Borrower for:

1. Employer contributions for employee group health, life, disability, vision, or dental insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add contributions for these benefits made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation. Additionally, do not add premiums for COBRA continuation coverage taken into account in determining the credit under section 6432 of the Internal Revenue Code of 1986.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation.

Employer Paid State and Local Taxes - assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings. Employer-paid federal taxes cannot be included.

Owner Compensation:

- Any amounts the Borrower paid to owners (owner-employees (with an ownership stake of 5% or more), a self-employed individual, or general partners). For each individual owner in total across all businesses, this amount is capped at (a) \$20,833 (the 2.5-month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the individual's applicable compensation in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower.
- If Borrower applied for the loan using SBA Form 2483-C or 2483-SD-C, owner compensation includes proprietor expenses (business expenses plus owner compensation). Proprietor expenses equal the difference between the Borrower's gross income and employee payroll costs. The Borrower's proprietor expenses are capped at (a) \$20,833 (the 2.5-month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the borrower's gross income in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower.

Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee's pay is earned. Payroll costs incurred but not paid during the Borrower's last pay period of the Covered Period are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period.

For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. Count payroll costs that were both paid and incurred only once.

For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811) (as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020).

Include only payroll costs for employees whose principal place of residence is in the United States.

Eligible Non-Payroll Costs

Eligible nonpayroll costs consist of:

- Covered Mortgage Obligation: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
- Covered Rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments");
- Covered Utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 ("business utility payments");
- Covered Operations Expenditures: payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting of tracking of supplies, inventory, records, and expenses;
- Covered Property Damage costs: costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that were not covered by insurance or other compensation;

- Covered Supplier costs: expenditures made to a supplier of goods for the supply of goods that are essential to the operations of the Borrower at the time at which the expenditure is made, and made pursuant to a contract, order, or purchase order in effect prior to the beginning of the Covered Period (for perishable goods, the contract, order, or purchase order may have been in effect before or at any time during the Covered Period);
- Covered Worker Protection expenditures: operating or capital expenditures that facilitate the adaptation of the business activities of an entity to comply with the requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period starting March 1, 2020, and ending on the date on which the national emergency declared by the President with respect to the Coronavirus Disease 2019 (COVID-19) expires related to maintenance standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, but does not include residential real property or intangible property.

Eligible non-payroll costs cannot exceed 40% of the total forgiveness amount. An eligible non-payroll cost must be either paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Count non-payroll costs that were both paid and incurred only once.

Expenses Not Eligible

- The amount of cash compensation of an individual employee in excess of \$100,000 annually, prorated to the Covered Period
- Payroll for employees whose principal place of residency is outside the U.S.
- Compensation paid to independent contractor
- Employer-paid federal employment taxes paid during the Covered Period
- Mortgage prepayment of interest or payment of mortgage principal
- Employee reimbursements (travel, lodging, vehicle, etc.)

Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application

If your PPP loan was for \$150,000 or less, you will likely be able to apply using the simplified 3508-S application form with reduced or no documentation requirement

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period consisting of each of the following:

- Third-party payroll service provider reports documenting the amount of cash compensation paid to employees for entire Covered Period, **or**
- Bank Account Statements for the months of the Covered Period, and
- IRS Payroll Tax filings (typically Form 941) the periods that overlap with the Covered Period:
 - Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee group health, life, disability, vision or dental insurance and retirement plans that the Borrower included in the forgiveness amount.

FTE Documentation

- If using Form 3508EZ:
 - Documentation showing the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 is required if you selected only the first box in the 3508EZ checklist below.
- If using Form 3508: Documentation showing (at the election of the Borrower):
 - the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019, and June 30, 2019; or
 - the average number of FTE employees on payroll per week employed by the Borrower between January 1, 2020, and February 29, 2020; or
 - in the case of a seasonal employer, the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between February 15, 2019 and February 15, 2020.
 - The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11 of Form 3508. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.

Non-Payroll: For categories 1-3, require documentation verifying existence of the obligations/services prior to February 15, 2020 and, for all categories, eligible payments from the Covered Period.

1. Business Mortgage Interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; 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.
2. Business Rent or Lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; 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.
3. Business Utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
4. Covered Operations Expenditures: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
5. Covered Property Damage costs: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments, and documentation that the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020 and such costs were not covered by insurance or other compensation.
6. Covered Supplier costs: Copy of contracts, orders, or purchase orders in effect at any time before the Covered Period (except for perishable goods), copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
7. Covered Worker Protection expenditures: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments, and documentation that the expenditures were used by the Borrower to comply with applicable COVID-19 guidance during the Covered Period.

Gross Receipts

For all entities other than those satisfying the conditions set forth below, Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019. Alternatively, Applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019; Applicants choosing to use annual gross receipts must enter “Annual” in the 2020 Quarter and Reference Quarter fields and, as required documentation, must submit copies of annual tax forms substantiating the annual gross receipts reduction.

Gross Receipts:

The amounts required to calculate gross receipts varies by the entity tax return type:

- For self-employed individuals (IRS Form 1040 Schedule C): line 3 (If you file multiple Schedule C forms on the same Form 1040, you must sum across all of them)
- For partnerships (IRS Form 1065): line 1c
- For S-Corporations (IRS Form 1120-S): line 1c
- For C-Corporations (IRS Form 1120): line 1c
- LLCs: Use one of the above
- B Corporations: Use line 1c from either IRS Form 1120 or 1120S

If an Applicant’s gross receipts include any of the following, the amount associated with the following should be subtracted from gross receipts:

- Paycheck Protection Program (PPP) loan (First Draw PPP Loan or Second Draw PPP Loan);
- SBA Section 1112 payments;
- SBA Economic Injury Disaster Loan (EIDL) loan, EIDL Advance, Targeted EIDL Advance;
- Randolph-Sheppard Act Financial Relief and Restoration Payments (FRRP) Appropriation;
- Any state and local small business grants (via CARES Act or otherwise);
- Taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers (this does not include taxes levied on the concern or its employees);
- Proceeds from transactions between a concern and its domestic or foreign Affiliates; and
- Amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker.

All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer’s request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts.

Revenue Reduction Information

To be eligible for a Second Draw PPP Loan, you must have experienced a revenue reduction of not less than 25% in at least one quarter of 2020 compared to the same quarter in 2019, or for the year of 2020 versus 2019.

If you received a Second Draw PPP Loan and you did not already provide documentation supporting 25% or greater reduction in revenue, you must provide the following documentation at forgiveness supporting 25% or greater reduction in revenue:

Quarterly financial statements for the entity. If the financial statements are not audited, the Applicant must sign and date the first page of the financial statement and initial all other pages, attesting to their accuracy. If the financial statements do not specifically identify the line item(s) that constitute gross receipts, the Applicant must annotate which line item(s) constitute gross receipts; or

Quarterly or monthly bank statements for the entity showing deposits from the relevant quarters. The Applicant must annotate, if it is not clear, which deposits listed on the bank statement constitute gross receipts (e.g., payments for purchases of goods and services) and which do not (e.g., capital infusions); or

Annual IRS income tax filings of the entity (required if using an annual reference period). If the entity has not yet filed a tax return for 2020, the Applicant must fill out the return forms, compute the relevant gross receipts value, and sign and date the return, attesting that the values that enter into the gross receipts computation are the same values that will be filed on the entity’s tax return.

Checklist for Using SBA Form 3508EZ

If you cannot satisfy at least one of the following, you must use the [3508 Standard application form](#)

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.); **AND**

The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period.

- Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020 (or, for a PPP loan made after December 27, 2020, the last day of the Covered Period).
- Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused.

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000,); **AND**

The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period) by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

Frequently Asked Questions (FAQs)

Where can I review guidance related to how to apply for forgiveness and how to maximize forgiveness amounts?

- You can review the SBA’s website for information related to how to calculate your claimed forgiveness amounts in the eligible categories. The instructions and information on the paper application inform you how to calculate forgiveness claims and what document must be provided to support your forgiveness claims.
 - If your PPP loan is \$150,000 or less, you should review the information on the 3508-S (Simplified) PPP Forgiveness application and Apply for loan forgiveness via [SBA PPP Direct Forgiveness Portal](#).
 - If your PPP loan is more than \$150,000, you should review the 3508EZ Checklist and the application instructions if you qualify for using this application form.
 - If you do not qualify for the 3508EZ checklist, you should select the 3508 (Standard) application and review the instruction listed on the application.
- Link to SBA Application Form and Instructions:
 - <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-loan-forgiveness>

When is PPP Loan Forgiveness Considered Complete?

- PPP Loan Forgiveness is considered complete when the SBA issues a Forgiveness Determination to your application.
 - In order to have the SBA review your PPP Loan Forgiveness Application, you must deliver a signed, full and complete forgiveness application with all documentation to support your claimed forgiveness expenses to Fifth Third Bank for Lender Review. Fifth Third Bank has 60 days to review your application.
 - Upon Fifth Third Bank validating your forgiveness application, your application will be submitted to the SBA for review. The SBA has 90-days to review and respond to your PPP Loan Forgiveness application.
 - The SBA may request additional documentation/information from you during the course of their review.

How and when can I apply for forgiveness?

- You can apply for forgiveness once all loan proceeds for which you are requesting forgiveness have been used. You can apply for forgiveness any time up to the maturity date of the loan. If you do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred, and you will begin making loan payments to your PPP lender.

What is the billing deferment period for PPP loans?

- Deferment Expiration Date is 24 Weeks + 10 Months from the disbursement date of the loan.
- If a borrower does not apply for forgiveness by the Deferment Expiration Date, they are required to make payments to the PPP loan while pursuing forgiveness.

I thought I applied for PPP Loan Forgiveness, but I am receiving a bill. What should I do?

- It is the borrower's responsibility to deliver a full, complete, and signed application for Lender and SBA Review. Because your deferment period has expired before a full, complete, and signed application was submitted, you are responsible for making payments to your loan. You can continue to pursue PPP Loan forgiveness while you are in repayment. You may be refunded for payments made once the SBA issues a forgiveness decision. The amount of your refund will depend on the forgiveness amount determined by the SBA.

My PPP Forgiveness Application has been submitted to the SBA. Why am I receiving requests for additional documents and/or information?

- The SBA may exercise their right to conduct a full review of your loan and/or your forgiveness request before or after the SBA has issued a forgiveness decision to your loan. Per the certifications you made at PPP Loan Origination and Loan Forgiveness, you must provide timely responses to the SBA upon their request. Failure to respond may result in forgiveness being denied, changed or reversed. If the SBA does request additional documents and/or information from you, Fifth Third Bank will contact the Authorized Signer of the loan immediately and provide additional information.

Can I appeal Fifth Third Bank's recommendation for Partial Forgiveness?

- No. If a Lender makes a recommendation to the SBA for Partial Forgiveness, the borrower does not have the right to appeal to the Office of Hearing and Appeals (OHA), unless the SBA selects the application for a full review which results in a SBA Final Loan Review Decision which includes appeal language in its determination.

How long does the SBA have to review my PPP Forgiveness Application?

- If the SBA does conduct a review of your forgiveness application, the SBA has 90 days to conduct their initial review, based on the date your application is submitted to the SBA. If the SBA requests additional documentation or information from you, the review may take longer. If you do not supply additional documentation/information requested by the SBA, the SBA will issue a decision with the documentation that was uploaded with your forgiveness application. An SBA loan review may result in the borrower being eligible for more or less or the same forgiveness amount requested, or being determined as ineligible for forgiveness.

Can I appeal the SBA's Final Loan Review Decision of the forgiveness request?

- Yes. The borrower may have a right to appeal the SBA's Final Loan Review Decision through OHA. Please see [PPP Appeals](#) to understand the basis for claims.

Can I apply for PPP Forgiveness directly with the SBA?

- Yes, if the original amount of your PPP loan was \$150,000 or less and you are eligible for PPP Loan Forgiveness, you can apply through the [SBA PPP Direct Forgiveness Portal](#)

Can I modify to extend the maturity date of the loan if the PPP Loan was originated prior to June 5, 2020?

- Yes. Loans originated prior to June 5, 2020, have a 2-year maturity. Borrowers can modify to extend the maturity from 2 years to 5 years from the original date of the Note once forgiveness is completed.
- To request a modification, please contact us at 877-579-5300, Monday through Friday, 8 a.m. to 5 p.m., ET.

Can I get a copy of my signed PPP Forgiveness Application (3508, 3508EZ, or 3508S)?

- Yes, please contact us at 877-579-5300, Monday through Friday, 8 a.m. to 5 p.m., ET. You may also contact your banker and Relationship Manager.

Can I get a copy of my loan forgiveness letter issued by the SBA?

- Yes, please contact us at 877-579-5300, Monday through Friday, 8 a.m. to 5 p.m., ET. You may also contact your banker and Relationship Manager. .

I started a PPP Forgiveness application prior to September 1, 2023, but did not complete the forgiveness process by September 1, 2023. What do I need to do?

- If your PPP Forgiveness application was not submitted to the SBA for review by August 31, 2023, you will need to reapply for PPP loan forgiveness with the [new process](#)