

Suggestions for PPP Forgiveness Documentation

Documenting how you spent your PPP money is essential. To apply for forgiveness, you will submit documentation to prove you used funds for allowable purposes and in the required amounts.

The SBA has not yet given full guidance on what documentation will be accepted, but here are a few things you can keep in mind and take action on now to be prepared.

Remember the forgivable purposes for your funds [outlined in this document](#). You must spend the money within eight weeks of receipt. You must spend at least 75 percent of the funds on payroll costs and no more than 25 percent on covered mortgage interest, rent and/or utilities. Carefully account for all expenses in these categories during the eight-week period so you can submit proper documentation when applying for forgiveness. Here are some ways you can do that.

- [Use this tool to help keep track of how you're spending your PPP funds.](#)
- Specially flag all expenses in your accounting software and prepare a report at the end of the eight-week period showing how you spent the money.
- Think about opening a separate checking account specifically for this money so all debits are isolated from other business expenses from your normal operating account. It's not required, but with this method your account statements will *only* show PPP-related expenses.
- At the end of the eight weeks, pull your account statements and highlight the line items used for
- Keep meticulous payroll records. This can be difficult as you bring employees back on board and go through other changes to get back up and running. But a strong paper trail for how much you paid your people and when is vital.
- Keep all receipts or confirmations of payments for covered mortgage interest, rent and utilities.

You will also be expected to present proof of employment and payroll levels during the eight-week period. Specifics on acceptable documentation are still to be determined by the SBA, but this is what the text of the CARES Act says you will have to provide:

- The number of full-time equivalent employees and their pay rates
- Documentation of payroll expenditures covering the 8-week period following loan origination
- Payment documentation on eligible mortgage, lease and utility obligations
- Certification that documents are true and you used the forgiveness amount for eligible purposes

You may also be asked to provide proof of need for the loan to show to ensure you made the following certification in good faith:

“Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

While keeping records of how you spent the loan, also document your need for the loan with evidence like bank statements, records of receivables, income statements, proof of nonpayment from customers, merchant service statements and more.

Keep in mind: The SBA hasn't issued official forgiveness guidance, and as we've seen in the past few weeks, their guidance is subject to change. So some of this information may change over the next eight weeks. If it does, we will communicate it to you.

To be safe, be diligent about paperwork when rehiring and making payroll. Take no shortcuts—cross every 't' and dot every 'i.'