



## CARES ACT SBA-PPP REPORTS: Client and Client Service FAQs

### 2020 CARES SBA-PPP: MONTHLY PAYROLL COST REPORT

**Q: What is a Payroll Costs report?**

A: The maximum amount of a loan under the PPP is based on your average total monthly payments for payroll costs (as defined under the CARES Act) incurred during the applicable period (as determined in accordance with the PPP). The report is intended to provide you with that information to assist you in determining your potential maximum loan amount. Note: Based on the CARES Act, employees whose principal place of residence is not recorded as the United States are excluded from the report.

**Q: How do I run a Payroll Costs report?**

A: Running a report is fairly simple. Go to the report page where you typically run your reports: under "Ask at Runtime Values," select the client's applicable ADP Memo Codes – you should select all Memo Codes that relate to group health care benefits, including insurance premiums, or retirement benefits. (If you do not have Memo Codes, you can still run the report.) Following that, select your preferred report format, the name of the folder you would like to save the report file and click "RUN," to run the report.

**Q: What payroll costs are included in the report?**

A: Based on the definition of "payroll costs" under the CARES Act, the report includes:

- Gross wages
- All employer state and local taxes, i.e., state unemployment insurance, state disability insurance, etc.
- Health care benefits
- Insurance premiums
- Retirement benefits, including employer 401(k) contributions

Based on the CARES Act, the following items are not included in payroll costs or the report:

- Federal income tax
- Social Security/Medicare - employee portion
- Social Security/Medicare - employer portion
- Federal Unemployment Tax
- Workers compensation premiums
- Stock compensation
- Compensation of employees whose principal place of residence is outside of the U.S
- Payments to independent contractors
- For those employees that made more than \$100,000 on an annualized basis, once the employee exceeds \$100,000 in a given month any additional costs are excluded.
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act



- **Q. Why don't I see any data when I run the report?**
- A: You may not see data because you may not have authorized access to view the data. The report will only display data if you have access to the Pay Summary on the Payroll Profile for all of the people in your organization.

**Q: What is the period covered by the report that is used to determine payroll costs?**

A: If you are not a seasonal employer (as reported to the IRS on Form 941 by you) and were in business from February 15, 2019 to June 30, 2019, then the report should be run for the 1-year period prior to the date of the loan, which is the period automatically covered by the report. (Note: we believe determining the maximum amount of a loan under the PPP based on the 1-year period prior to the date of the loan is acceptable under the CARES Act; however, we will soon be adding functionality so that the report can also be run for the 2019 calendar year.)

**Q: What is the period covered by the report that is used to determine payroll costs for Seasonal Employers?**

A: For seasonal employers (as reported to the IRS on Form 941 by you), the period is 12 weeks beginning on February 15 or March 1, 2019, at your option. However, the report does not currently calculate the average total monthly payments for payroll costs for this period. This functionality is being developed and will be made available as soon as possible.

**Q: What is the period that is used to determine payroll costs if I wasn't in business from February 15, 2019 to June 30, 2019?**

A: If you were not in business at that time, then the report should be run for the period from January 1, 2020 to February 29, 2020. However, the report does not currently calculate the average total monthly payments for payroll costs for this period. This functionality is being developed and will be made available as soon as possible.

**Q: Why doesn't the report include any information for the current month?**

A: If you are not a seasonal employer (as reported to the IRS on Form 941 by you) and were in business last year, loans under the PPP are based on average monthly payroll costs for the 1-year period prior to the loan application. We have therefore calculated monthly amounts only for months for which we have complete data. (Note: we believe determining the maximum amount of a loan under the PPP based on the 1-year period prior to the date of the loan is acceptable under the CARES Act; however, we will soon be adding functionality so that the report can also be run for the 2019 calendar year.)



**Q: What if I wasn't a client of ADP during the entire applicable period?**

A: The report will only cover that part of the applicable period during which you were an ADP client. If you were not a client for the entire applicable period then, for that part of the period that the report does not cover, you may need to obtain your monthly payroll costs from your prior provider or your own records. You will then need to calculate your average total monthly payments for payroll costs based on that additional information and the total monthly payments for payroll costs included in the report, combined.

**Q: How do you determine my average total monthly payment for payroll costs?**

A: The report adds up your payroll costs (as described in the FAQ above titled: *What payroll costs are included in the report?*) for each month in the applicable period and then divides the total amount by the number of months in the applicable period.

**Q: Why are the payroll costs in the report different from my normal payroll information?**

A: While the amount of a loan under the PPP is based on payroll costs, the CARES Act has very specific requirements about what payroll costs are included or excluded for purposes of determining the loan amount. As a result, there may be costs included in your normal payroll information that are not treated as payroll costs for purposes of determining the loan amount. incurred during the applicable period. The report is intended to provide you with that

Based on the definition of "payroll costs" under the CARES Act, the report includes:

- Gross wages at the employee levels
- All employer state and local taxes, i.e., state unemployment insurance, state disability insurance, etc.
- Health care benefits
- Insurance premiums
- Retirement benefits, including employer 401(k) contributions

Based on the CARES Act, the following items are not included in payroll costs or the report:

- Federal income tax
- Social Security/Medicare - employee portion
- Social Security/Medicare - employer portion
- Federal Unemployment Tax
- Workers compensation premiums
- Stock compensation
- Compensation of employees whose principal place of residence is outside of the U.S
- Payments to independent contractors
- For those employees that made more than \$100,000 on an annualized basis, once the employee exceeds \$100,000 in a given month any additional costs are excluded.
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act



## 2020 CARES SBA-PPP: HEADCOUNT REPORT

### **Q: What is a Headcount report?**

A: Eligibility under the Payroll Protection Program (PPP) is generally based on employee headcount. The report is intended to provide clients with their total employee headcount for purposes of assisting them in determining whether they might be eligible for a loan under the PPP. Note: Based on the CARES Act, the following employees are excluded from the report: termed employees and employees whose principal place of residence is not recorded as the United States.

### **Q: How do I run a Headcount report?**

A: Running a report is fairly simple. Go to the report page where you typically run your reports: under "Ask at Runtime Values," select the client's applicable ADP Company Codes (i.e., client's pay groups) and applicable Worker Category Codes or Employee Classification Codes. (If you do not have Worker Category Codes, you can still run the report.) Note: Pursuant to the requirements of the CARES Act, Worker Category Codes for Independent Contractors (i.e., 1099s) should not be included. Following that click "RUN," to run the report.

### **Q: Why does the Headcount report show headcount by location?**

A: The PPP permits certain types of businesses, including businesses that employ not more than 500 employees per physical location of the business concern and are assigned a NAICS code beginning with 72 (the Accommodation and Food Services industries), to calculate their headcount on a location-by-location basis in order to determine their eligibility under the program.

### **Q: If my business is assigned a NAICS code beginning with 72 (i.e., in the Accommodation and Food Services industries), how can I use the Headcount report?**

A: The PPP permits businesses assigned a NAICS code beginning with 72 and that employ not more than 500 employees per physical location to calculate their headcount on a location-by-location basis in order to determine their eligibility under the program. The Headcount report shows headcount by location to assist you determining whether you might be eligible for a loan under the PPP.

### **Q: As of what date should the Headcount report be run?**

A: The report automatically defaults to the date when it is run, but it can be run as of any date selected. However, in order to obtain the latest headcount information for purpose of the loan application, the report should be run as close as possible to the date that the client is applying for a loan.