



For more detailed explanations of these terms, please see the SBA's PPP Loan Forgiveness Application [Form 3508 instructions](#) or PPP Loan Forgiveness Application [Form 3508EZ instructions](#).

We recommend you review the program details available at [SBA.gov](#) or [Treasury.gov](#) for the latest Forgiveness guidance and instructions.

**3508 (SBA Form 3508)**

See **SBA Form 3508**.

**3508EZ (SBA Form 3508EZ)**

See **SBA Form 3508EZ**.

**941 (IRS Form 941)**

See **IRS Form 941**.

**Advance**

See **EIDL advance**.

**Affiliates/Affiliation rules**

Exists when 1 business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. You'll need to let us know if your Business, together with its affiliates, received PPP loans that totaled more than \$2 million. For more information, see the [SBA affiliation rules](#) as they relate to PPP. See also **PPP**.

**Alternative Payroll Covered Period**

Although you can always choose the Covered Period, businesses that have a biweekly (or more frequent) payroll schedule may choose an Alternative Payroll Covered Period. For loans funded before June 5, 2020, you may elect to calculate eligible payroll costs using either:

- The 24-week (168-day) period that begins on the first day of your first pay period following your PPP loan disbursement date; or
- The 8-week (56-day) period that begins on the first day of your first pay period following your PPP loan disbursement date.

For loans funded on June 5, 2020 or later, you may elect to calculate eligible payroll costs using the 24-week (168-day) period that begins on the first day of your first pay period following your PPP loan disbursement date. For example, if you're using a 24-week Alternative Payroll Covered Period and received your PPP loan proceeds on Monday, April 20, 2020, and the first day of your first pay period following your PPP loan disbursement date is Sunday, April 26, 2020, the first day of the Alternative Payroll Covered Period is April 26, 2020, and the last day of the Alternative Payroll Covered Period is Saturday, October 10, 2020. See also **Covered Period**.

**Annualized rate**

A rate of return for a period less than 1 year but calculated as if the rate were for a full year. You'll need to include the annualized compensation (compensation for the full year) for employees on the SBA's PPP Schedule A Worksheet, Tables 1 and 2. See also **PPP Schedule A Worksheet**.

**Authorization**

Refers to approval. The SBA makes the decision about authorizing your requested PPP Forgiveness amount.

**Authorized representative**

You must be an authorized representative—an individual(s) who is authorized to take actions on behalf of the Business that are binding and enforceable against the Business—to complete the PPP Forgiveness request.

**Average FTE**

See **Full-time equivalency (FTE)**.

**Borrower**

The Business that received PPP loan funds; an authorized representative of the Borrower/Business must complete and submit the PPP Forgiveness request.

**Business mortgage interest payments**

Interest payments on any business mortgage obligation on real or personal property that was paid or incurred during the Covered Period. These obligations should have existed before February 15, 2020. Don't include prepayments or payments on principal. You'll need to upload documents verifying these payments, which may include bank or mortgage statements. See also **Incurred**.

**Business rent or lease payments**

Payments on business rent obligations on real or personal property under a lease agreement paid or incurred during the Covered Period. These obligations should have existed before February 15, 2020. You'll need to upload documents verifying these payments, which may include bank statements or rent/lease obligations. See also **Incurred**.

**Business TIN**

Taxpayer identification number. Your TIN may be an employer identification number (EIN) or your Social Security number (SSN).

**Business utility payments**

Payments for the distribution of electricity, gas, water, transportation, telephone or internet access on services paid or incurred during the Covered Period. These services should have existed before February 15, 2020. You'll need to upload documents verifying these payments, which may include copies of invoices or canceled checks/bank statements. See also **Incurred**.

**CARES Act**

Coronavirus Aid, Relief and Economic Security Act (CARES Act or the Act). The Act includes appropriations for the SBA's Paycheck Protection Program.

**Cash compensation**

The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave) paid or incurred during the Covered Period or the Alternative Payroll Covered Period; for each employee, the total amount of cash compensation eligible for Forgiveness may not exceed an annualized salary of \$100,000. Cash compensation for owner-employees, self-employed individuals or general partners is capped at \$20,833 (for a 24-week Covered Period) or at \$15,385 (for an 8-week Covered Period). See also **Incurred**.

**Chosen reference period**

The comparison period in which total average FTE is calculated, either: February 15, 2019 to June 30, 2019; or January 1, 2020 to February 29, 2020; or a consecutive 12-week period between May 1, 2019 and September 15, 2019 for seasonal employers. See also **Reference period**.

**Covered mortgage obligations**

See **Business mortgage interest payments**.

**Covered Period**

The time period you'll use to calculate all eligible payroll and non-payroll costs paid or incurred from the date the SBA authorized your PPP loan amount. The Covered Period is either:

- The 24-week (168-day) period beginning on the PPP loan disbursement date; or
- The 8-week (56-day) period beginning on the PPP loan disbursement date if you received your PPP loan before June 5, 2020, and elect to use an 8-week (56-day) Covered Period.

For example, if you're using a 24-week Covered Period and received your PPP loan proceeds on Monday, April 20, 2020, the first day of the Covered Period is April 20, 2020, and the last day of the Covered Period is Sunday, October 4, 2020. The Covered Period cannot extend beyond December 31, 2020. See also **Alternative Payroll Covered Period; Incurred**.

**Covered rent obligations**

See **Business rent or lease payments**.

**Covered utility payments**

See **Business utility payments**.

**DBA or tradename**

See **Doing Business As (DBA)**.

**Deferral period**

The period of time after loan disbursement during which interest accrues, but no payments of principal or interest on your PPP loan are due. If the Business applies for Forgiveness within 10 months after the end of its Covered Period, then no payments are due until the SBA remits payment of a Forgiveness amount or determines that no Forgiveness is authorized. Note that no payments will be due at all if the SBA authorizes your full loan amount for Forgiveness. If the Business fails to submit a complete request for Forgiveness within 10 months after the end of the Covered Period, the deferral period is 10 months after the end of the Covered Period.

**Demographic information**

A voluntary form in the PPP Forgiveness request that asks for veteran, gender, race and ethnicity data about each of the Borrower's Principals; data is collected for program reporting purposes only. Disclosure is voluntary and will have no bearing on the loan Forgiveness decision. See also **Principals**.

**Documentation/Document upload**

You'll need to upload documentation verifying your payroll and non-payroll costs. If possible, please organize your documents by payroll and non-payroll costs (instead of uploading 1 file that contains both). Acceptable file types: JPG, PDF, XLSX or PNG formats (max size is 5 MB and max filename is 40 characters). See also **Non-payroll costs**; **Payroll costs**.

**Doing Business As (DBA)**

When the Business operates under a name other than its legal name; also known as a "trade name," "fictitious name" or "assumed name." We'll populate your Business's DBA for you.

**Economic Injury Disaster Loan (EIDL)**

Federal disaster loans for small businesses and private non-profits that are administered and distributed by the SBA. The EIDL is a separate SBA loan program with a different application from the PPP loan.

**Economic Injury Disaster Loan (EIDL) advance**

A grant you may have requested as part of your EIDL application. If you received an EIDL advance between January 31, 2020 and April 3, 2020, you'll need to enter your EIDL advance amount and application number.

**Economic Injury Disaster Loan (EIDL) application number**

Required if you received an EIDL advance between January 31, 2020 and April 3, 2020.

**Eligible non-payroll costs**

See **Non-payroll costs**.

**Eligible payroll costs**

See **Payroll costs**.

**Employee**

You'll need to separately list the names of your employees on the SBA's PPP Schedule A Worksheet. Please don't include the names of independent contractors, owner-employees, self-employed individuals or general partners, but you'll need to tell us their costs on our PPP Schedule A. See also **PPP Schedule A**; **PPP Schedule A Worksheet**.

**Employee health insurance**

Non-cash compensation paid or incurred during the Covered Period or the Alternative Payroll Covered Period that you'll need to enter in this request; includes employer contributions to a self-insured, employer-sponsored group health plan, but doesn't include any pre-tax or after-tax employee contributions. See also **Incurred**; **Non-cash compensation**.

**Employee retirement plans**

Non-cash compensation paid or incurred during the Covered Period or the Alternative Payroll Covered Period that you'll need to enter in this request; enter the total amount paid by the Business, but don't include any pre-tax or after-tax employee contributions. *See also **Incurred; Non-cash compensation**.*

**Employees at time of Forgiveness application**

You'll need to provide the total number of employees the Business had when requesting PPP loan Forgiveness.

**Employees at time of loan application**

You'll need to provide the total number of employees the Business had when it applied for a PPP loan.

**Forgiveness amount authorized**

The amount the SBA authorized for your PPP Forgiveness request. *See also **Loan Forgiveness**.*

**Forgiveness amount not authorized**

The amount the SBA didn't authorize for your PPP Forgiveness request. The Business is responsible for paying back any PPP loan funds that weren't forgiven plus any accrued and unpaid interest. *See also **Loan Forgiveness**.*

**Forgiveness amount requested**

The amount from your PPP loan that you're asking the SBA to forgive.

**Full-time equivalency (FTE)**

The number of full-time equivalent employees your Business has; you'll need to determine the Business's average FTE during the Covered Period or the Alternative Payroll Covered Period and enter it on the SBA's Schedule A Worksheet.

**Full-time equivalency (FTE) documents**

Documents you can upload to support the average number of full-time equivalency (FTE) employees during the Covered Period or the Alternative Payroll Covered Period. These documents may include personal tax filings, state quarterly business tax filings, individual employee wage reporting and unemployment insurance tax filings that you've reported or will report. *See also **Full-time equivalency (FTE)**.*

**Full-time equivalency (FTE) reduction exceptions**

Exempts your Business from loan Forgiveness reductions based on FTE employee levels if you document: (1) Any positions for which you made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and you were unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020; (2) Any positions for which you made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer; and (3) Any employees who, during the Covered Period or the Alternative Payroll Covered Period were fired for cause, voluntarily resigned or voluntarily requested and received a reduction of their hours. *See also **Full-time equivalency (FTE) reductions**.*

**Full-time equivalency (FTE) reduction quotient**

See Full-time equivalency (FTE) reduction Safe Harbor 1 & 2.

**Full-time equivalency (FTE) reduction Safe Harbor 1**

Exempts the Business from full-time equivalency (FTE) reductions if the Business, in good faith, is able to document that it was unable to operate between February 15, 2020 and the end of the Covered Period at the same level of activity as before February 15, 2020 due to COVID-19-related compliance with guidance issued between March 1, 2020 and December 31, 2020. *See also **Full-time equivalency (FTE) reductions**.*

**Full-time equivalency (FTE) reduction Safe Harbor 2**

Exempts the Business from full-time equivalency (FTE) reductions if the following conditions are met: (1) The Business reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (2) By no later than December 31, 2020, the Business restored its FTE employee levels to the same levels they were at in the Business's pay period that included February 15, 2020. *See also **Full-time equivalency (FTE) reductions**.*

**Full-time equivalency (FTE) reductions**

Used to determine whether the Business's loan Forgiveness amount must be reduced based on reductions in full-time equivalent employees, as required by the statute. Your Business may be exempt from FTE reductions if you meet any of the FTE reduction exceptions, if you qualify for Safe Harbor, or if you didn't reduce the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period. *See also **Covered Period; Full-time equivalency (FTE) reduction Safe Harbor 1 & 2.***

**Funding date**

*See **PPP loan disbursement date.***

**General partners**

*See **Employee.***

**Grant**

*See **EIDL advance.***

**Incurred**

Expenses the Business owes but hasn't yet paid. You'll need to verify the Business's eligible payroll, non-payroll and non-cash compensation costs paid or incurred during the Business's Covered Period or the Alternative Payroll Covered Period. *See also **Non-cash compensation; Non-payroll costs; Payroll costs.***

**Independent contractors**

*See **Employee.***

**IRS Form 941**

Also known as the "employer's quarterly tax form." Employers use this form to report the number of employees receiving wages, tips and other compensation and those amounts.

**Lender**

The financial institution where you received your PPP loan..

**Loan Forgiveness**

Businesses may have their PPP loans fully or partially forgiven if the funds were used for eligible payroll and non-payroll costs according to SBA guidelines. *See also **Eligible non-payroll costs; Eligible payroll costs.***

**Non-cash compensation**

Employer contributions to group health care coverage, retirement plans and state and local taxes assessed on employee compensation.

**Non-payroll costs**

Eligible costs and obligations consisting of business mortgage interest, rent or lease and utilities paid or incurred during the Covered Period. Up to 40% of your funded PPP loan amount may be used for eligible non-payroll costs. *See also **Incurred.***

**Non-payroll documents**

*See **Documentation/Document upload.***

**Owner-employees**

*See **Employee.***

**Payroll cost 60% requirement**

At least 60% of your funded PPP loan amount must be used for eligible payroll costs to be eligible for full loan forgiveness. *See also **Documentation/Document upload; Payroll costs.***

**Payroll costs**

Consist of compensation to your employees (whose principal place of residence is the United States) in the form of: (1) salary, wages, commissions or similar compensation; (2) cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips; (3) payment for vacation, parental, family, medical or sick leave; (4) allowance for separation or dismissal; (5) payment for the provision of employee benefits consisting of group health care coverage, including insurance

premiums, and retirement; (6) payment of state and local taxes assessed on compensation of employees. For an independent contractor or sole proprietor: wages, commissions, income or net earnings from self-employment or similar compensation. See also **Alternative Payroll Covered Period; Cash compensation; Covered Period; Non-cash compensation**.

## **Payroll documents**

See **Documentation/Document upload**.

## **Payroll schedule**

How often employees are paid (weekly, biweekly, twice a month, monthly, less frequently than biweekly or more frequently than biweekly).

## **PPP**

The SBA's Paycheck Protection Program was established by the CARES Act to provide economic relief to businesses and other entities impacted by the COVID-19 pandemic.

## **PPP borrower demographic information**

See **Demographic information**.

## **PPP loan disbursement date**

The date when PPP loan funds were deposited into your checking account See also **Funding date**.

## **PPP Schedule A**

The section of the SBA Form 3508 used to calculate eligible payroll and non-cash compensation to employees. See also **Non-payroll costs; Payroll costs**.

## **PPP Schedule A Worksheet**

The section on SBA Form 3508 where you capture each employee's cash compensation, average FTE and salary/hourly wage reductions (for employees who make \$100,000 or less). Independent contractors, owner-employees, self-employed individuals or partners are not included in the Schedule A Worksheet, but you'll need to document those costs, if they apply to the Business. See also **Cash compensation; Full-time equivalency (FTE); Salary/hourly wage reduction**.

## **Principal position**

On the SBA's demographics form, the possible positions a principal may hold. Example positions include self-employed individual, independent contractor, sole proprietor, general partner, owner, officer, director, member or key employee. See also **Principals**.

## **Principals**

The SBA has a specific definition for principals on its demographics form. Examples include self-employed individuals or contractors, officers, directors or individuals with ownership stakes in partnerships, corporations and limited liability companies. See SBA Form 3508 or 3508EZ for the SBA's full definition of "principals." See also **Principal position**.

## **Professional employer organization (PEO)**

See **Third-party payroll service providers**.

## **Record retention**

Borrowers must retain all applications and documentation supporting their PPP loan application and Forgiveness request for 6 years.

## **Reference period**

See **Chosen reference period**.

## **Resubmit**

We may be in touch and ask you to provide additional information or documents before we submit your Forgiveness request to the SBA. You can always check the status of your Forgiveness request by signing in to Application Status. See also **Application Status**.

## **Safe Harbor**

See **Full-time equivalency (FTE) reduction Safe Harbor 1 & 2**.

**Salary/hourly wage reduction**

Salary or hourly wages may have been reduced during the Covered Period or the Alternative Payroll Covered Period compared to salary and wages for employee(s) between January 1, 2020 and March 31, 2020. If the Business can restore its salary levels by December 31, 2020, it can avoid a corresponding reduction in its Forgiveness amount.

**Save and return**

You can save your Forgiveness request and return to it if you need more time to gather information and documents.

**SBA**

Small Business Administration. This is the U.S. governmental agency administering the PPP loan application and PPP Forgiveness request.

**SBA Form 3508**

The SBA's PPP Loan Forgiveness Application including the Forgiveness Calculation Form, PPP Schedule A, PPP Schedule A Worksheet and PPP Borrower Demographic Information Form (Optional).

**SBA Form 3508EZ**

A shortened version of Form 3508 that can be used by self-employed individuals, independent contractors, sole proprietors and Businesses that didn't reduce salary/hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period and didn't reduce the number of employees. You may be able to use Form 3508EZ if the Business was unable to operate due to COVID-19 and didn't reduce salary/hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period.

**SBA PPP loan number**

The unique number the SBA gave to your original PPP loan application once your lender submitted it to the SBA.

**SBA Schedule A Worksheet**

See ***PPP Schedule A Worksheet***.

**Third-party payroll service providers**

Companies that help employers administer and process payroll costs and tax obligations. Such a company may be referred to as a professional employer organization (PEO).

**Tips and commissions**

Employers must report employee tips, commissions and other compensation, typically on IRS Form 941; See also IRS Form 941.

**Total payroll costs**

The sum of cash and non-cash compensation made to employees during the Covered Period or the Alternative Payroll Covered Period. See also Cash compensation; Non-cash compensation.

**Tradename**

See ***Doing Business As (DBA)***.

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Visit [SBA.gov](https://www.sba.gov) and [Treasury.gov](https://www.treasury.gov) for the latest information regarding PPP Loan Forgiveness.