



**Paycheck Protection Program  
Loan Forgiveness Application Form 3508 Revised January 19, 2021**

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

**Instructions for PPP Schedule A Worksheet**

Complete the PPP Schedule A Worksheet or obtain an equivalent report from the Borrower’s payroll system or payroll processor.

**Table Instructions**

**Employee’s Name:** Separately list each employee. Do not include any independent contractors, owner-employees (with an ownership stake of 5% or more), self-employed individuals, or partners. Include only payroll costs for employees whose principal place of residence is in the United States.

**Employee Identifier:** Enter the last four digits of each employee’s Social Security Number.

**Cash Compensation:** Enter 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 the Employer Retention Credit. 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.

**Average FTE:** This calculates the average full-time equivalency (FTE) during the Covered Period. For each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

This calculation will be used to determine whether the Borrower’s loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower’s average weekly number of FTE employees during the Covered Period was less than during the Borrower’s chosen reference period (*see* Instructions to PPP Schedule A, Line 11). The Borrower is exempt from such a reduction if either of the FTE Reduction Safe Harbors applies. See the FTE Reduction Safe Harbor instructions below.

**Salary/Hourly Wage Reduction:** This calculation will be used to determine whether the Borrower’s loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in employee salary and wages. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual amount of loan forgiveness the Borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period was less than during the most recent full quarter before the Covered Period. If the Borrower restored salary/hourly wage levels, the Borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount. Borrowers must complete this worksheet to determine whether to reduce the amount of loan forgiveness for which they are eligible. Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period as compared to the most recent full quarter before the Covered Period. For each employee listed in Table 1, complete the following (using salary for salaried employees and hourly wage for hourly employees):

Step 1. Determine if pay was reduced more than 25%.

- a. Enter average annual salary or hourly wage during Covered Period: \_\_\_\_\_.
  - b. Enter average annual salary or hourly wage during the most recent full quarter before the Covered Period: \_\_\_\_\_.
  - c. Divide the value entered in 1.a. by 1.b.: \_\_\_\_\_.
- If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.

Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.

- a. Enter the annual salary or hourly wage as of February 15, 2020: \_\_\_\_\_.
- b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020: \_\_\_\_\_.

If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.

- c. Enter the average annual salary or hourly wage as of (a) for a PPP loan made before December 27, 2020, December 31, 2020 or (b) for a PPP loan made after December 27, 2020, the last day of the Covered Period: \_\_\_\_\_.

If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.

Step 3. Determine the Salary/Hourly Wage Reduction.

- a. Multiply the amount entered in 1.b. by 0.75: \_\_\_\_\_.



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b. Subtract the amount entered in 1.a. from 3.a.:\_\_\_\_\_.

If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

c. Enter the average number of hours worked per week during the most recent full quarter before the Covered Period:  
\_\_\_\_\_.

d. Multiply the amount entered in 3.b. by the amount entered in 3.c.\_\_\_\_\_. Multiply this amount by the number of weeks in the Covered Period (a whole number between 8 and 24):\_\_\_\_\_. Enter this value in the column above box 3 for that employee.

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

e. Multiply the amount entered in 3.b. by the number of weeks in the Covered Period:\_\_\_\_\_. Divide this amount by 52:\_\_\_\_\_. Enter this value in the column above box 3 for that employee.

**FTE Reduction Exceptions:** Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before (a) December 31, 2020, for a PPP loan made before December 27, 2020 or (b) the last day of the Covered Period, for a PPP loan made after December 27, 2020; (2) any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period and the employee rejected the offer, and (3) any employees who during the Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

**Boxes 1 through 5:** Enter the sums of the amounts in each of the columns.

**FTE Reduction Safe Harbors**

Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

1. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the Borrower, 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 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
2. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the Borrower then restored its FTE employee levels to its FTE employee levels in the Borrower's pay period that included February 15, 2020 by not later than (i) December 31, 2020, for a PPP loan made before December 27, 2020, or (ii) the last day of the Covered Period, for a PPP loan made after December 27, 2020.