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# Designing & Building Your Future

A Blueprint for  
Growth & Profitability.

July 2021 Issue

## How Your PPP Loan Can Impact Overhead Rate Calculation... and What You Can Do About It

Architects, engineers and construction companies that work under federal contracts and received a Paycheck Protection Program (PPP) loan face a dilemma when performing their annual overhead rate calculation. If you received a PPP loan that was forgiven – or are considering applying for loan forgiveness – it is important to understand how that loan forgiveness will impact your overhead rate.

Current FAR regulations ([FAR 31.201-5](#)) require that any portion of a PPP loan that has been forgiven must be credited back to the government in the form of a credit that reduces the indirect cost calculation used to determine a firm's overhead rate. The credit must be applied in the year in which the loan forgiveness is recorded as income. Depending on the accounting policy chosen to account for the forgiveness, this could either be in the year the PPP loan proceeds were used or the year in which the loan is forgiven.



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## Balancing Tax Credits with COVID Stimulus



As tough as the past year has been for many architectural, engineering and design firms, there have been a number of federal programs put in place to help retain employees and ease the burden imposed by the extended economic upheaval. While most people are familiar with Paycheck Protection Program (PPP) loans, some firms may also be able to benefit from the Employee Retention Tax Credit (ERC) program.

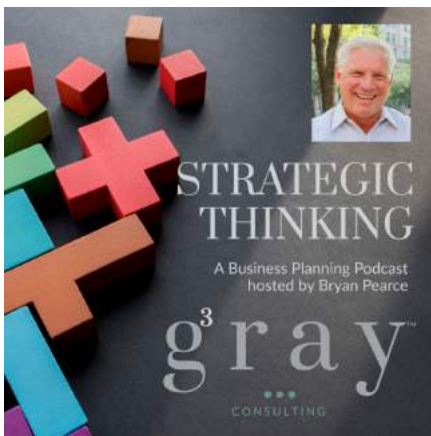
The ERC was introduced in 2020 as part of the federal government's effort to provide relief to businesses whose revenue declined due to the COVID-19 pandemic. It has since been extended through 2021. Eligible employers can earn a refundable tax credit against certain federal employment taxes.

For additional information or help in calculating your potential for applying for the ERC, either this year or retroactively for 2020, please contact Gray, Gray & Gray at (781) 407-0300.

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## Announcing our first podcast series: Strategic Thinking with Gray, Gray & Gray



**Listen to our first two episodes to discover how business leaders are meeting today's challenges while positioning their companies for future growth. CEOs from a wide range of industries share their insights with host Bryan Pearce, Director of Strategic Business Planning at Gray, Gray & Gray.**

In our first episode, Bryan interviews Marty Mazzella of TI-SALES, located in Sudbury, MA. During the interview, Marty discusses his experience with being a leader in the water industry and strategic business planning methods to position his business for future growth. **Click [here](#) to listen now.**

In episode two, Bryan conducts another engaging and thought-provoking interview with Jen Harrington of HATCH The Agency, a branding agency in Boston, MA. Throughout the episode, Jen highlights some of her strategic business planning methods that have allowed her to successfully position HATCH in a competitive and growing industry. **Click [here](#) to listen now.**

We hope you find these topics exciting and informative. More episodes coming soon!

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