



COVID RELIEF BILL NEWSLETTER UPDATES

MARCH 4, 2021

The SBA has officially defined the new guidelines for PPP payroll calculations from Net Income to Gross Income on Schedule C tax returns for single owner sole proprietors.

Here is the changed calculations:

If you do not have any employees (other than owners), complete this table:

A. Your gross income amount from 2019 or 2020 IRS Form 1040, Schedule C, line 7:	\$	B. Divide A by 12 (if more than \$8,333.33, enter \$8,333.33):	\$	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:	\$
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If you have employees (other than owners), complete this table:

A. Your 2019 or 2020 IRS Form 1040, Schedule C, line 7 amount, minus the sum of line 14, line 19, and line 26:	\$	B. Divide A by 12 (if more than \$8,333.33, enter \$8,333.33):	\$	C. Average Monthly Payroll for Employees (not including owners)	\$
Add B and C:	\$	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:		\$	

[A copy of the full form is found here](#)

In summary the new calculation increases the maximum amount of "payroll" to be used as the base for a PPP to \$100,000 per year per employee (\$8,888 per month). This brings the maximum for a single employee to \$20,833 (\$100,000 divided by 12 months times 2.5 month).

Deadline is 3/31/2021 - Reach out if you would like our help!

Here's what you need to have ready if this is your First or Second PPP;

First PPP (or EDIL) :

- Completed and filed 2019 Federal 1040 with Schedule C or Business 1120-S.
- Clean color photo (not scanned) official govt ID (Drivers License, Passport, etc).
- Copy of a voided check from the bank account you use for your business.
- JAN & FEB 2019 and JAN & FEB 2020 Bank Statement copies (front page is fine).
- Your Business must be filed and paid in 'Good Standing' with the State it is registered with.
- Credit Score of 540 or higher as averaged for the top 3 agencies. Credit Karma and other score reporting applications are not acceptable.
- Throughout the process other documentation may be requested, but this is the minimum to get started.

Second PPP;

- All of the above plus, you must show a decrease in gross revenue / income. Comparing 2019 to a decrease in 2020.
- The decrease must be 25% or higher for the full year OR for one 3-month same quarter comparing 2019 to 2020.
- If you meet this decrease criteria, then you will need a Profit & Loss statement for each year representing the Revenue/Income and the Expenses.

For those of you who would like to get started, let us know ASAP, as **the overall PPP program ends 03/31/21.**

And for those who want to apply for an Economic Injury Disaster Loan (EIDL) that program is still open and should be available until 12/31/21. Credit score above 540 is the key criteria along with providing the other items listed on the PPP bullets above.