

How to handle employees laid off/ left the company before applying for PPP?

The amount of PPP loan forgiveness calculated is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. Source: US Chamber of Commerce Coronavirus Emergency Loans Small Business Guide and Checklist

Therefore, if business owners have a reduction in payroll expenses (below their average monthly average) during the 8 weeks that the PPP loan is used for, they may not see the full amount of the loan forgiven.

The PPP amount is 2.5x average monthly payroll costs. Payroll costs include salary, wages commissions, covered leave, employer-paid health insurance, employer retirement matching, and state unemployment taxes.

In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard.

Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months). Source: SBA Paycheck Protection Program Loans Frequently Asked Questions (FAQs), As of April 8, 2020

Can owner's compensation be included in the PPP payroll request?

Each lender may have a different position on this. Check with your bank or lending institution for clarification as policies may vary. Have your documentation/records together before you discuss with your bank.

What is the timing of payroll costs that qualify for PPP loan forgiveness?

The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period. The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval. Source: SBA Paycheck Protection Program Loans Frequently Asked Questions (FAQs), As of April 8, 2020

Where do I go for a PPP loan if my bank is not participating?

Find a participating lender through the SBA website:

<https://www.sba.gov/paycheckprotection/find>

What confirmation do you receive once you have applied for the EIDL? How long will it take for the EIDL to be processed and monies received?

Check with SBA on the status of your loan. The SBA is adding resources to process loans faster, but they are still overwhelmed with applications. The SBA may or may not be sending confirmations due to the high volume of applications.

According to the SBA website “The Economic Injury Disaster Loan advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid.” Check with the SBA on your application status to learn if it is “successful”.

Can independent contractors (including 1099 realtors) access the PUA program and the EIDL program?

An independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements. Source: SBA Paycheck Protection Program Loans Frequently Asked Questions (FAQs), As of April 8, 2020

The EIDL program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19. Source sba.gov

Affected workers, like the self-employed, who are not eligible under traditional unemployment insurance may be eligible under a brand new federal program called Pandemic Unemployment Assistance (PUA). To be eligible for this new program, workers must first apply through traditional unemployment by visiting www.vec.virginia.gov or www.vawc.virginia.gov. The state is required to verify eligibility under traditional unemployment before allowing claimants to be considered for the new PUA program. Source <http://www.vec.virginia.gov/node/11790>

Can contractors (1099) and self-employed individuals participate in EIDL to handle loss of revenue?

Small business owners are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available following a successful application. This loan advance will not have to be repaid.

This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19. Source sba.gov