

Webinar follow-up:

PPP, EIDL, EIDL Advance, & SVO grant Q&A

Thank you for joining us at Tuesday's webinar. This document addresses most of the questions received in the Q&A. Please review this document and the SBA's documentation below. If you still have questions, reach out to one of our partner organizations.

Disclaimer: We've done our best to answer your specific questions below, but the best source of information on any of these programs is the SBA itself. Please consult with your accountant before making any financial decisions.

SBA resources:

[COVID-19 EIDL](#)

[Paycheck Protection Program](#)

[Shuttered Venue Operators Grant](#)

[IFR on PPP](#)

[IFR on PPP Second Draw](#)

[IFR on PPP loan forgiveness](#)

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Paycheck Protection Program

PPP - General Qs

I started my business in 2020. Am I eligible?

Maybe. If you were in operation on February 15th, 2020 and meet the other eligibility requirements, you'd be eligible for PPP.

My staff is largely composed of full and part-time individuals that I pay as 1099 vendors, rather than employees. Can I claim their pay on my PPP application?

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculation.

I didn't qualify for PPP last year because I didn't make enough money. Can I apply this time?

If you were in operation as of Feb 15th, 2020, had payroll expenses or income as a sole proprietor in 2020 that you can use to calculate your loan amount, and meet the rest of the criteria, then yes, you can apply.

How do you count your employees for the application?

Use the average number of employees per pay period for the same period you used to calculate your max loan amount. For example, if you used calendar year 2019 to calculate your average payroll costs and therefore your loan amount, use calendar year 2019 to determine your average # of employees per pay period.

Alternatively, borrowers can 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). For example, if you apply on 2/5/2021, you can use the average number of employees per pay period in the 12 month period of Feb 2020 - Jan 2021.

Do only full-time, 40-hour-a-week employees count for the application?

No. All employees, including part-time employees, should be counted for the PPP application. For example, if you have 10 full-time employees and 3 part-time employees, you should enter "13" for your total number of employees.

Do I need to bring all my employees back to work full time in order to apply?

No. You can apply, but it may affect your eligibility for loan forgiveness.

In order to be eligible for loan forgiveness, 60% of the funds must be spent on payroll over a period of 8 to 24 weeks, the remaining 40% on other eligible expenses, **and** you must maintain employment and compensation levels. This is determined by comparing your Covered Period to a reference period. There are some exceptions to this, like if you were unable to return to full business operations due to government shutdowns and therefore couldn't resume previous staffing levels. See this [IFR](#), section 5b, for more detail.

Is the grant a one-time deposit or spread out over a period of time?

If you're approved, you'll receive a lump sum payment from your lender.

Do we know the average turnaround time for the SBA to approve?

No, there is no official timeline on application approvals. To check on the status of your application, contact your lender.

Do we get an email confirmation if we're approved?

Your lender will notify you regarding the outcome of your application. They may contact you by email, phone, or mail - it's their preference.

Is the PPP taxable on state level?

No. New York State recently announced that they'll follow federal guidelines, meaning it is not considered taxable income. [Read more here.](#)

How long do you have to pay the PPP Loan back?

If you do not submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness covered period, you must begin paying principal and interest after that period. For example, if a borrower's PPP loan is disbursed on January 25, 2021, the 24-week covered period ends on July 12, 2021. If the borrower does not submit a loan forgiveness application to its lender by May 12, 2022, the borrower must begin making payments on or after May 12, 2022.

When someone reaches out to you, will they identify themselves as SBA or will it be a bank calling?

Your lender may contact you for more information about your application, either by phone, email, or portal, depending on their preference. All legitimate communications from SBA will come from an @SBA.gov email address.

Note: SBA does not communicate directly with PPP borrowers regarding their PPP loan or forgiveness application unsolicited. SBA will only communicate directly with applicants and borrowers for Economic Injury Disaster Loans (EIDL), which are processed and serviced directly by SBA.

What if you have foreign employees? Can you apply for the PPP loan?

Foreign employees of affiliates of US-based businesses are used to calculate the total number of employees, which is used to determine eligibility. Having foreign employees of an affiliate does not preclude you from applying for the PPP. However, under no circumstances may PPP funds be used to support non-U.S. workers or operations.

PPP applicants and lenders may consider IRS regulations (26 CFR § 1.121-1(b)(2)) when determining whether an individual employee's principal place of residence is in the United States.

Finding a participating lender

I'm not sure which bank will take my application. How do I find out?

Call your bank to find out if they're participating. If they aren't, use the SBA's [Lender Match](#) tool.

Will the National Development Council be accepting applications?

Yes. See [their website](#) where they have a webinar you can reference for more information.

What about Paypal?

Yes. [Here's their PPP-specific website.](#)

Sole proprietors

What if you were a sole proprietor and you took unemployment, are you now eligible for a PPP since that is gone?

Yes, if you meet the eligibility requirements for the PPP, you can apply. However, you cannot receive both PUA (Pandemic Unemployment Assistance) and the PPP funds at the same time - you'd need to report your PPP funds as income and should not apply for PUA benefits while you're receiving PPP funds.

Independent contractors are told to use line 31 of Schedule C to determine PPP amount, but that doesn't help with the cost for insurance etc. Can those expenses be added to the Schedule C net profit to determine the amount of PPP loan?

No. The calculation is based on net profit, not your expenses.

Is there an income minimum or maximum for sole proprietors to be eligible for the PPP?

You must show net profit on line 31 of Schedule C. If you had no net profit, you are not able to apply because you cannot calculate a loan amount. The maximum amount you can use for the calculation is \$100,000; if you have a net profit above that, you'd use \$100,000 as the basis for calculation.

PPP + EIDL

What is the EIDL refinancing on the PPP application?

You can use the PPP to refinance any outstanding balance of an EIDL loan made between January 31, 2020 and April 3, 2020. Note - do not include the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid).

If I have received a PPP, applied for forgiveness, and also received an EIDL loan, but not paid it back yet, should I refinance the EIDL when asked in the second PPP application?

EIDL loans received between January 31, 2020 and ending on April 3, 2020 can be refinanced. If you received an EIDL during that period and used it for payroll costs, you must refinance with PPP funds, if approved. [See this publication for more information.](#)

Second draw

Can you choose your 12 week period instead of traditional quarters? For example 6.15.19-9.15.19?

No. You have several methods you can use, though. You can use calendar year 2020 vs. calendar year 2019, or any quarter in 2020 compared to the same quarter in 2019. See [this SBA document](#) for more information.

We received a PPP loan (1st), and did not spend all of it. We filed the forgiveness papers and haven't heard back yet. Is it possible to tap into the 2nd PPP loan?

It depends when you will finish spending it. A Second Draw PPP Loan may only be made to an eligible borrower that (i) has received a First Draw PPP Loan, and (ii) has used, or will use, the full amount of the First Draw PPP Loan on or before the expected date on which the Second Draw PPP Loan is disbursed to the borrower.

On the SBA second Draw Application Form, it states Number of Employees - is that current number of employees or number of employees for average monthly payroll being used (we are using 2019 payroll info)?

Use the average number of employees per pay period you had for the same period you used to calculate your max loan amount. For example, if you used calendar year 2019 to calculate your average payroll costs and therefore your loan amount, use calendar year 2019 to determine your average # of employees per pay period, and use that number on the application.

Alternatively, borrowers can 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). For example, if you apply on 2/5/2021, you can use the average number of employees per pay period in the 12 month period of Feb 2020 - Jan 2021.

How do we document/prove the revenue reductions?

You can use annual IRS tax filings, quarterly financial statements, or quarterly or monthly bank statements. See Question 4 in [this SBA document](#) for more information.

How do you define gross receipts regarding eligibility for a second draw PPP loan?

For a for-profit business, gross receipts generally are all revenue in whatever form received or accrued (in accordance with the entity's accounting method, i.e., accrual or cash) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances but excluding net capital gains and losses. These terms carry the definitions used and reported on IRS tax return forms.

Do I have to show a 25% reduction for ANY quarter in 2020 vs 2019, or is it 2019 vs 2020 entire year revenue down 25%?

You can choose either methodology: comparing 2020 annual gross receipts to those of 2019, or any quarter in 2020 compared to that same quarter in 2019.

I have fewer FTEs this year. Will I be penalized for having fewer employees for this PPP second draw loan application versus last year?

You can still apply for a second draw if you have fewer employees now. However, reduction in FTEs can impact your forgiveness eligibility. [Read more about loan forgiveness here.](#)

When do I need to spend the 2nd draw?

You have between 8 and 24 weeks to spend the PPP funds on qualified expenses.

Can the second round of PPP be from a different lender from the first or do I need to go through the same lender for the second round?

You can use a different lender. However, the process may be streamlined if you do the second draw through the same lender as your first as they'll have much of your documentation on file already.

Forgiveness

How does forgiveness work?

PPP loans are forgivable if:

- All the funds have been spent
- At least 60% having been spent on payroll costs and the remainder on other eligible expenses
- Both employment levels (# of employees) and compensation levels remained the same

How long do I have to apply for forgiveness?

A borrower can apply for forgiveness once all loan proceeds for which the borrower is requesting forgiveness have been used. Borrowers can apply for forgiveness any time up to the maturity date of the loan. If borrowers do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred, and borrowers will begin making loan payments to their PPP lender.

What documentation do I need to provide for forgiveness?

- The **Loan Forgiveness Form** - contact your lender to get the correct one
- **Documentation of payroll expenses** from all payroll periods that overlapped with your covered period. This can include tax filings, 3rd party payroll service reports, bank statements, and records showing contributions to employee health insurance or retirement accounts.
- **Documentation of non-payroll expenses.** This can include but is not limited to things like:
 - Business mortgage interest payments: Copy of lender amortization schedule and receipts verifying payments, or lender account statements
 - Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments
 - Business utility payments: Copies of invoices and receipts, cancelled checks or account statements

Do we have to apply for the forgiveness on the first PPP to apply for the 2nd draw?

No. In order to apply for the second draw, you have to have spent (or will spend) the full amount of the first draw, and otherwise be eligible.

Will there be forgiveness for the 2nd draw PPP?

Yes, if a minimum of 60% is spent on payroll costs and any remainder on other qualified expenses, and both employment and compensation levels were maintained.

How is an FTE equivalent defined?

Full-time equivalent employee means an employee who works 40 hours or more, on average, each week. The hours of employees who work less than 40 hours are calculated as proportions of a single full-time equivalent employee and aggregated, as explained further below in subsection IV.5.d.

If I have to lay off an employee during my covered period, what does that mean for my loan forgiveness?

In general, a reduction in FTE employees during the covered period reduces the loan forgiveness amount by the same percentage as the percentage reduction in FTE employees. For example, if you had 10 employees during the reference period, and only 8 during the loan's Covered Period, your employment level decreased by 20% and therefore your loan forgiveness amount will also be decreased by 20%.

What reference period do I use to calculate employment levels?

For both First Draw PPP Loans and Second Draw PPP Loans, the borrower must first select a reference period: (i) February 15, 2019 through June 30, 2019; (ii) January 1, 2020 through February 29, 2020; or (iii) in the case of a seasonal employer, either of the two preceding methods or a consecutive 12-week period between February 15, 2019 and February 15, 2020.

SVO Grant

How does the grant work? How much money is available?

Eligible applicants may qualify for SVO Grants equal to 45% of their gross earned revenue, with the maximum amount available for a single grant award of \$10 million. \$2 billion is reserved for eligible applications with up to 50 full-time employees.

Is this application different from the shuttered venues application?

Yes, this is a different program.

Who's eligible?

- Live venue operators or promoters
- Theatrical producers
- Live performing arts organization operators
- Relevant museum operators, zoos and aquariums who meet specific criteria
- Motion picture theater operators
- Talent representatives, and
- Each business entity owned by an eligible entity that also meets the eligibility requirements

Other requirements of note:

- Must have been in operation as of Feb. 29, 2020
- Venue or promoter must not have received a PPP loan on or after Dec. 27, 2020

When can I apply?

As of writing (1/21/21), the program is not yet open for applications. Check the [SBA's SVO website for updates](#).

How do I determine which priority level my business fits?

It depends on how much revenue you've lost due to the pandemic between April of 2020 and December of 2020. See the [SBA's site here](#) for more detail on the priority levels.

For the SVO grant, is it taxable and considered revenue?

The Economic Aid Act states that this grant shall not be treated as taxable income and that expenses paid with SVO funds shall be deductible.

I have been informed that the Venues Grant and the 2nd draw PPP are mutually exclusive. True?

Yes, you can receive one or the other. In order to be eligible for the SVO grant, the venue or promoter must not have received a PPP loan on or after Dec. 27, 2020

Can a new business apply for SVOG?

Only if the business was in operation as of Feb 29th, 2020.

EIDL

When does the EIDL program open?

The Economic Injury Disaster Loan program is open and accepting applications. [Apply here](#).

What's the difference between EIDL, COVID-19 EIDL, EIDL Advance, and Targeted EIDL Advance?

EIDL is a long-term direct loan program operated by the SBA that provides loans to businesses located in declared disaster areas and impacted economically, like a shop who's roof was destroyed by a hurricane.

COVID-19 EIDL is a subset of that program dedicated to loaning money to businesses and non-profits impacted by this pandemic. Applications are open [here](#) for this program.

EIDL Advance, which is no longer available, provided funds of up to \$10k to COVID-19 EIDL applicants and did not have to be repaid. The funds for this are exhausted, and there is no way to apply for the EIDL Advance directly.

Targeted EIDL Advance is a new program that aims to provide funds to businesses in low-income communities who applied for COVID-19 EIDL last year and received less than \$10k for the EIDL Advance. This initiative essentially seeks to make whole any businesses who would've been eligible for the EIDL Advance but didn't receive it because funds ran out, and focuses on businesses in low-income communities. *Note: there is no application for this program. SBA will reach out via email to any past applicants who are now eligible to receive these funds.*

If I applied for EIDL last year and either didn't receive the EIDL Advance at all, or received less than the full \$10k, what do I need to do to be considered for the Targeted EIDL Advance?

Nothing. SBA will reach out to you directly if you qualify from an official government email address ending in @sba.gov.

I received a COVID-19 EIDL on June 20. Can I apply again?

No. You can only apply once per disaster.

What is the phone number to contact the SBA about the EIDL?

The number is: 800-659-2955. You can check the status of your EIDL application on the customer portal, too.

I applied for EIDL last summer. I am receiving monthly bills for interest with a due date of 7/11/21. Will EIDL be converted to grant? Do I still owe this?

The Economic Injury Disaster Loan program provides loans, not grants, and must be repaid. You owe principle and interest on the loan as outlined in the loan terms. The only part of an EIDL loan that does not need to be repaid is the EIDL Advance, if you received one.

Is there a date when I can apply directly to the EIDL Targeted Advance?

No. You can not apply for EIDL Targeted Advance at this time.

How do I know if my neighborhood qualifies as low-income?

The SBA is working on a look-up tool that will be available on their website.

My organization received an EIDL Advance last year. Do we have to apply for forgiveness?

No. If you received an EIDL Advance last year, it doesn't need to be repaid and there is no forgiveness application.

Can you apply for 7a SBA loan at this time if you received the EIDL?

Yes. You'll need to include your loan payment in your cashflow statement and debt schedule that you submit with your 7(a) loan application.

I've been in reconsideration for my EIDL application since June. What is my recourse?

Contact disaster customer service at 1-800-659-2955 to identify if your application is still in active reconsideration and identify what documents you may need to submit.

How do I increase an existing EIDL? How much can the increase be?

COVID-19 EIDLs can be modified by increasing the amount up to 6 months of working capital. An increase can be requested either before or after accepting the loan. If you are in urgent need of funds, accept the maximum loan amount offered and then request an increase by providing additional documentation.

If you were approved for a loan and would like to request an increase to the amount, send an email that states your need for an increase to the loan amount to pdcrecons@sba.gov with the word "INCREASE" in the subject line. Include any additional information that may assist us in considering an increase for your application. For example:

1. Your most recent Federal tax return for your business along with a signed IRS Form 4506-T
2. For updated financials (Gross Revenue, Cost of Goods Sold, cost of operation, or other sources of compensation), submit Form 3502.

What if I don't need as much money as I've been approved for?

It depends on where you are in the process.

If you've **received the loan quote but not the funds** yet, log into the SBA loan portal, choose how much you want your loan amount to be, and click submit.

If you've **already received the funds via direct deposit**, write a check payable to SBA and include a note that states your business name, borrower's name(s), Tax ID or SSN, and loan number.

If you've **already received the funds via check** and have not yet deposited it, write VOID on the front and send it back with a note that includes your business name, borrower's name(s), tax ID or SSN, and application.

All checks can be sent to:

US Small Business Administration
721 19th Street
Denver CO 80202

Does my credit matter for my EIDL application?

Yes. Because EIDL is a government loan, federal regulations require applicants to meet minimum credit standards to qualify.

If I have specific questions related to my business - may I contact you directly?

Yes! If you have a relationship with any of the resource partners listed on the first page of this document, please reach out to them. If you don't, you can contact WISE Women's Business Center at wisecenter@syr.edu.