

FAQs:

1. When Can Businesses Apply?

Small businesses and sole proprietorships: April 3, 2020

Independent contractors and self-employed individuals: April 10, 2020

2. Am I eligible for a PPP loan?

Small- and medium-sized businesses that were in operation on or before February 15, 2020 with 500 or fewer full- or part-time employees (independent contractors can apply on their own and do not count towards the employee count), are generally eligible to apply for this loan. Additionally, the business must have paid salaries and payroll taxes or paid independent contractors (as reported on Form 1099-MISC).

Businesses can also qualify by meeting the SBA's NAICS-based size test, which is based on the number of employees relative to an industry size threshold. Details on SBA size standards can be found [here](#).

3. Where can I submit an application?

The SBA EIDL loans are made directly through the SBA here: <https://covid19relief.sba.gov/#/>

The CARES Act PPP loans are administered directly through your existing banking lender. If your bank is not yet issuing PPP loans, please contact us.

5. Can applicants apply for both an EIDL and a PPP loan?

Yes. If you get the PPP loan and the EIDL loan you may still use the PPP loan to refinance your EIDL loan in order to make EIDL funds forgivable – the April 3, 2020 deadline date for this has been indefinitely extended as of right now. However, you cannot use EIDL and PPP funds to cover the same expenses.

6. Should payments to independent contractors / 1099 be included in the payroll computation?

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

7. What are SBA affiliation rules and how does this affect the number of employees my company has?

An affiliation of multiple companies can exceed the 500-employee limit. Individuals or firms that have substantially identical business or economic interests (such as family members or firms with common investments, or firms that are economically dependent through contractual or other

relationships) may be treated as one party with such interests aggregated. *Where the SBA determines that such interests should be aggregated, an individual or firm may rebut that determination with evidence showing that the interests deemed to be one are in fact separate.*

8. When is the last day to apply for these loans?

PPP: June 30, 2020

EIDL: December 31, 2020

9. What documents do I need to submit the PPP Application?

- Related payroll tax filings, or form 1099-MISC, bank records
- NYS-45 Form (Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return -- may help you determine NY State taxes which might be eligible for adding to payroll figure)
- For sole proprietorship, income and expenses

10. What documents will I need for funding of the PPP Loan?

It is expected that applicants will need to provide:

- Business tax returns for three prior years
- Personal tax returns for each principal owning 20% or more of the applicant
- 2019 Federal Tax Returns (or an explanation if not available)
- Personal Financial Statements
(https://www.sba.gov/sites/default/files/forms/SBA_Form_413_7a-504-SBG.pdf) for each applicant and principal owning 20 % or more of the applicant
- Applicant's debt Schedule (<https://www.sba.gov/sites/default/files/2019-09/2202%20Schedule%20of%20Liabilities.pdf>)
- Business interruption insurance information
- Corporate Records/Articles of Incorporation/Bylaws/Operating Agreement/ Ownership Information
- Business licenses
- Driver's license for signers

- Loan Records and Mortgage billing statements
- Company lease
- Company utility bills
- Business EIN and bank routing and account number.

11. Is Loan Forgiveness Automatic?

No. The Borrower will need to submit an application to the Lender that includes:

- Documentation verifying number of employees on payroll and pay rates during the Covered Period;
- State income, payroll, and unemployment insurance filings;
- Cancelled checks, payment receipts, account transcripts, or other documents verifying payments on covered mortgage, lease, and utility payments

Lenders will have to respond to the forgiveness application within 60 days of submission. Note that in an effort to get these loan proceeds in the hands of American business owners immediately, the PPP loans are being issued before SBA has had the opportunity to issue complete guidance on the loan forgiveness aspect of these loans.

12. Is Loan Forgiveness Taxable?

Forgiven loan amounts under the Paycheck Protection Program are excluded from gross income for Federal Income tax purposes and will not be taxable as income.

13. Can Partners/Shareholders Take Distributions From the Loan Proceeds?

Yes, but these payments would not be eligible for loan forgiveness if the partners/shareholders make over \$100,000 as set forth above and the loan would be required to be paid back.

14. Do Overtime wages get Computed in Calculating Payroll Cost?

Yes, the calculation is monthly average for the individual employee.

15. Can your company apply for FMLA Tax credits and the PPP Loan?

Yes, however The Cares Act states that a portion of the PPP loan will not be forgiven if that portion was used for “qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (“FFCRA”) which expands the FMLA. *See, SEC. 1105. (A)(4).*