

Paycheck Protection Program Eligibility for Self-Employed Workers

Overview:

- On April 14, IRS issued interim final rule guidance, effective immediately, for self-employed individuals eligible for the Paycheck Protection Program (PPP).
- PPP is a Federal loan program available to certain small business owners. PPP was created in the Coronavirus, Aid, Relief and Economic Security Act (CARES ACT), and is administered by the Small Business Administration (SBA).
- This guidance applies to eligible self-employed individuals who filed, or will file, a Form 1040, Schedule C in 2019. Additional guidance is forthcoming for self-employed individuals who were in operation as of February 15, 2020, and will be filing a Form 1040, Schedule C for 2020.
- Partners in partnerships may not submit separate applications. One application must be submitted for all partners due to program efficiency requirements.
- LLC's filing taxes as a partnership and partners are limited to one program loan.

Conditions and Details:

- Business are required to be in operation as of February 15, 2020 in order to be eligible.
- Program is available until June 30, 2020.
- SBA has provided additional guidance (below) including equations for calculating maximum loan amount, amount of loan forgiveness and documents needed to determine eligibility, including documentation establishing payroll, revenues and expenses.
- Certain restrictions on salary amounts that are covered by the program.
- Loan conditions require that 75% of loan be used for payroll costs.
- Loans through the PPP will be 100 percent guaranteed by the SBA and the full principal amount of the loans and any accrued interest may qualify for loan forgiveness.
- Forgiveness terms based on amount expended and limited to 8 weeks profit in 2019.

Additional Information:

Paycheck Protection Program FAQ's: <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

Questions can be directed to the local SBA Field Office: <https://www.sba.gov/tools/local-assistance/districtoffices>

Interim Final Rule: <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>