

Payroll Protection Program – Forgivable SBA Loans

Payroll Protection Program forgivable loans will be available from the Small Business Administration through approved SBA lenders (which will include most major banks). Loan applications for businesses can be made beginning April 3, 2020 and loans for independent contractors (recipients of 1099s) can apply beginning April 10, 2020.

The loan applications accepted beginning April 3rd; we would suggest completing the loan application now. The only numbers needed to complete the return will be the average monthly compensation for 2019. Please note that for purposes of the application the average monthly compensation includes additional items beyond the salary/payroll. See detail below and on the Borrower Information Fact Sheet.

Note that the Information Fact Sheet now indicates that only 25% of the loan can be used for non-payroll reasons to obtain the full loan forgiveness.

We are receiving unexpected volumes of questions, emails and phone calls on this program. Please be patient as we try to answer them all. Most of the questions can be answered by reading the Information Fact Sheet located on our resources webpage.

For calculating the annual monthly compensation for 2019, any clients that received Q4 2019 payroll forms will include the W-2s and compensation paid to employees. Please refer to those documents when completing the application.

Last, we may be able to help complete the application if you have difficulty. The SBA tightly regulates how and to what extent preparers of the application can be compensated. Until we know more about their constraints, we are unable to know for sure if we will be allowed to assist you.

Payroll costs include the following components:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

Last, you should also consider filing for unemployment compensation, if appropriate. The new act passed by Congress allows independent contractors to apply for the now higher unemployment compensation. We are not sure that the state of Georgia is accepting applications from contractors under the new law until receiving guidance from the US Department of Labor, but you should start the process if possible.