

## FAQs: PAYROLL PROTECTION PROGRAM LOANS



**QUESTION: What types of businesses and entities are eligible for a PPP loan?**

### ANSWER:

- Businesses and entities must have been in operation on February 15, 2020.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.
- *There are more definitions covering such things as non-profits. To access a full list of eligible entities, visit <https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>.*

**QUESTION: How is the loan size determined?**

### ANSWER:

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always \$10 million.

- If you were in business February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs.
- If you were not in business between February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and

February 29, 2020.

- If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.
- *The qualifications listed are most likely to apply to practices. For other businesses' requirements, visit <https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>.*

**QUESTION: What costs are eligible for payroll?**

### ANSWER:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group

health care benefits, including insurance premiums

- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

## FREQUENTLY ASKED QUESTIONS ABOUT PPP LOANS

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**QUESTION: What costs are not eligible for payroll?**

### Answer:

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees

whose principal place of residence is outside of the U.S.  
■ Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

**QUESTION: What are allowable uses of loan proceeds?**

### Answer:

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)

- Payments of interest on any mortgage obligation (but not prepayment of or payment of principal)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

**QUESTION: What are the loan term, interest rate, and fees?**

### Answer:

- For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

**QUESTION: How is the forgiveness amount calculated?**

### Answer:

Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered eight-week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000):

- Payroll costs plus any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation plus and any covered utility payment.

**QUESTION: How do I get forgiveness on my PPP loan?**

### Answer:

You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- Documentation verifying payments on covered mortgage

obligations, lease obligations, and utilities.

- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

**QUESTION: What happens after the forgiveness period?**

### Answer:

- Any loan amounts not forgiven are carried forward as an ongoing loan with max terms of 10 years, at a maximum interest rate of 4%. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan. The clock does not start again.

## FREQUENTLY ASKED QUESTIONS ABOUT PPP LOANS

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**QUESTION: Can I get more than one PPP loan?**

**ANSWER:**

- No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

**QUESTION: Where should I go to get a PPP loan from?**

**ANSWER:**

- All current SBA 7(a) lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders.

**QUESTION: How does the PPP loan coordinate with SBA's existing loans?**

**ANSWER:**

- Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the eight-week covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.

**QUESTION: How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?**

**ANSWER:**

- Emergency Economic Injury Grant and Economic Injury Disaster Loan (EIDL) recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.

- **For an exhaustive list of requirements and definitions, visit <https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>**