



PPP official final rules for self-employed individuals

We recommend that you see the PPP official final rules available on our resource page. These are the highlights:

1. Self-employment income for partners in an LLC or partnership may be reported as a payroll cost, up to \$100,000 annualized, on a PPP loan application filed by the partnership. Partners cannot file separate PPP loan applications as self-employed individuals.
2. For self-employed individuals who file Schedule C and have no employees, loan amount is:
 - a. 2019 Schedule C, line 31 net profit amount (if not yet filed, need to fill out to compute value), capped at \$100,000, divided by 12 times 2.5
 - b. If \$0 or less – not eligible for PPP.
 - c. Must provide 2019 Schedule C as documentation, along with other records like 2019 1099-MISC to establish you are self-employed.
 - d. Must provide 2020 invoices, bank statement or other records to establish in operation on or around 2/5/20
3. For self-employed individuals who file Schedule C and have employees, loan amount is:
 - a. Same calculation as above, but add following payroll costs to self-employment income before dividing by 12 and multiplying by 2.5:
 - i. Gross wages paid to employed – 2019 Form 941 Medicare wages (line 5c, column 1) from each quarter plus, any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages. Individual employees capped at \$100,000.
 - ii. 2019 employer health insurance contributions (health insurance component of Schedule C, line 14, retirement contributions (Schedule C, Line 19), and SUTA tax. Appears taxpayer self-employed health insurance and retirement is not included.
4. Self-employed individuals can use PPP loan for:
 - a. Owner compensation replacement – calculated based on 2019 net profit
 - b. Employee payroll costs
 - c. Mortgage interest (included car loans interest), rent, utilities. You must have been entitled to claim or claimed these expenses on your 2019 Schedule C in order to include them for the 8 week forgiveness period.
5. Amounts eligible for loan forgiveness can be up to the full principal amount plus accrued interest and will depend on the total spent during the covered period (8 weeks after loan funding) for the following:
 - a. Wages up to \$100,000 annualized per employee (maximum \$15,385 per individual)
 - b. Covered employee benefits for employees (but not owners), including health care expenses, retirement contributions and SUTA tax
 - c. Owner compensation replacement, calculated based on 2019 net profit from 2019 Schedule C, limited to eight weeks' worth (8/52) of net profit
 - d. Business mortgage interest
 - e. Rent
 - f. Utilities.