

<https://bench.co/blog/operations/paycheck-protection-program/>

## Paycheck Protection Program (PPP)

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

The program will be available from April 3 to June 30, 2020 but covers expenses from February 15th

The maximum amount you can receive from your SBA-approved lender is your monthly average payroll cost in 2019, multiplied by 2.5, up to a maximum of \$10 million.

If you are a seasonal employer, the monthly average cost will be calculated differently. The lender will use a 12-week period beginning either February 15, 2019 or March 1, 2019, and ending June 30, 2019.

The Loan can be used for payroll, rent, mortgage interest, or utilities for either small businesses and sole proprietorships.

### Who can apply,

This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization.

### Who qualifies,

- **Sole proprietorships** will need to submit schedules from their tax return filed (or to be filed) showing income and expenses from the sole proprietorship.
- **Independent contractors** will need to submit Form 1099-MISC.
- **Self-employed individuals** will need to submit payroll tax filings reported to the Internal Revenue Service.

Loan Forgiveness: 75% of the forgiven amount must be used for payroll

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

In the 8 weeks following your loan signing date, all expenses related to the following can be forgiven:

- **Payroll**—salary, wage, vacation, parental, family, medical, or sick leave, health benefits

- **Mortgage interest**—as long as the mortgage was signed before February 15, 2020
- **Rent**—as long as the lease agreement was in effect before February 15, 2020
- **Utilities**—as long as service began before February 15, 2020

This loan has a maturity of 2 years and an interest rate of .5%

The loan will ask you to provide:

Business legal name, primary address, TIN or SSN, phone number, email address, and previous year tax documents. Documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan will be provided to the lender.

