



## Paycheck Protection Program (PPP)

Please use this worksheet to assist you in summarizing the key data needed to determine the Paycheck Protection Program (PPP) loan amount you may qualify for. Proper documentation is required to verify the number of employees on your payroll and your payroll costs.

### For Seasonal Businesses

A lender needs to consider whether your business was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

### For New Businesses

Average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020.

### Supporting Documentation:

To **support** your average monthly payroll calculation, one document is required, however, you may upload additional documents. Here are some examples of **supporting** payroll documentation:

- 2019 W-3 (summary of W2's)
- 2019 IRS Quarterly 940, 941, or 944 payroll tax reports
- Third Party Payroll Processing Summary Documents
- Company-Prepared Payroll Summary Documents
- 2019 Company-Prepared Financial Statements
- 2019 Business Tax Return
- 2019 Personal Tax Return (if the business files as a sole proprietorship, single entity LLC)



**Note:** Do not upload a paper copy of your Paycheck Protection Program borrower application form. **Provide all the required documentation and a summary page listing all key inputs and calculations used to calculate your payroll amounts.**

### **Required documentation for the application:**

The required PPP application documents:

- Basic information about your business and how to contact you
- Applicable Tax Forms (for 2019 and Q1 2020, if available)
- Proof of mortgage or rent, mortgage interest, and utility expenses
- Articles of Incorporation or Organization
- Applicable forms to verify all ownership over 20%
- Each owner's TIN, EIN, or SSN and IDs for all over 20% owners
- Email addresses for all 20%+ owners of the business
- Proof of Active and Good Standing status of the business
- Electronic funds transfer information
- **Payroll:** Details of full-time employees, and the average monthly payroll costs (shown below)
- SBA PPP application form

### **Steps:**

#### **1. Calculating Total Salary**

For those whose principal place of residence is the US: On the form of annual gross salary, wages, commissions, enter the compensation (salaries, wages, tips, etc. etc.) to employees (use a reasonable, good-faith employer estimate of tips). Include state and local taxes paid on the compensation of employees. Note: If you are an independent contractor or sole proprietor, enter wage, commissions, income, or net earnings from self-employment or similar compensation. Independent Contractors and sole proprietors do not count as employees for the calculation. (see below):



<u>Employee</u> <i>(Principal place of residence is the US)</i>	<u>Compensation</u> <i>(Annual gross salary, wages, commissions, tips)</i>	<u>PPP (\$100,000 maximum)</u>
Joanne	\$115,000	\$100,000
Sara	17,050	17,050
John	29,750	29,750
<b>Compensation Total</b>		<b>\$146,800</b>

← Capped at \$100,000

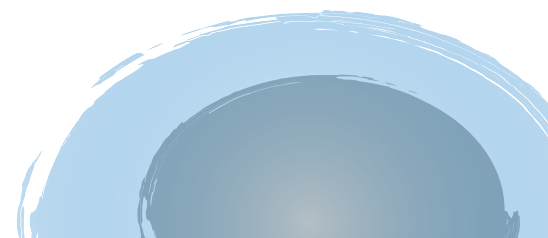
## 2. Calculating Total Benefits Compensation

Add to **Compensation Total**: Benefits and other compensation to all employees for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health coverage, including insurance premiums; and retirement:

<u>Benefit Amount</u>	<u>Amount</u>
Payments to employees for vacation, parental, family, medical, or sick leave	\$2,050
Allowance for separation or dismissal	2,300
Employee benefits: group health coverage, insurance premiums	740
Retirement benefits	625
<b>Total Benefits Compensation</b>	<b>\$5,715</b>

## 3. Exclusions

**Deduct:** Federal employment taxes (including employee and employer’s share of FICA) and Railroad Retirement Act taxes between February 15, 2020 and June 30, 2020, qualified sick, and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act. (see below)





<u>Exclusions</u>	<u>Amount *</u>
Federal employment taxes (including employee and employer's share of FICA) and RR Retirement taxes between Feb 15, 2020 and June 30, 2020	\$750
Income taxes required to be withheld from employees	1,025
Qualified sick and family leave wages for which a credit is allowed under Families First Coronavirus Response Act	350
<b>Total Exclusions</b>	<b>(\$2,125)</b>

*\* Amounts imposed or withheld*

#### 4. Calculate Total Annual Payroll

Total Salary	Total Benefits Compensation	Total Exclusions	=	Total Annual Payroll
\$146,800	\$5,715	(\$2,125)	=	\$150,390

#### 5. Average Monthly Payroll

Total Annual Payroll	Divide by	12 months	=	Average Monthly Payroll
\$150,390	/	12	=	\$12,533

**IMPORTANT NOTE:** This article is for informational purposes only. Not all described in this article applies to every business or applicant. Always seek advice from your financial and legal advisor. The amounts above are all arbitrary and do not represent proper relationships.