

ppp loan ♥ info sheet APRIL 2021

Self-Employed Folks: Sole Proprietors, Single Member LLCs, Independent Contractors

YES! - Self-Employed Folks can apply!

It is a loan for your business, that is 100% forgivable - if you follow some rules

Amount of Loan = your average monthly profit x 2.5. (Ex: if your 2019 profit was \$60,000, the loan would be \$12,500)

Deadline for applications extended: **now through May 31, 2021**

Bottom Line: **FREE money** for some paperwork

DISCLAIMER: This is provided for educational purposes. Rules may change, please check with SBA.gov for any updates.

> How to Apply

Through your bank or credit union

You'll likely be asked:

Your name, contact info, SSN

Your business info, start date, tax ID (EIN)

How many employees? - 0 or 1, depending on your bank

Your Net Profit for 2019 or 2020

Paperwork:

1040 Tax Return (incl. Schedule C)

OR proof of income - payment records, bank statements

NOTE: If asked how much you paid in wages - it is Zero

Look for the section that asks you to provide your "Net Profit"

as reported on the Schedule C (part of your 1040 tax return)

About PPP Loan

- From the CARES Act: Payroll Protection Program
- Through the Small Business Administration (SBA)
- Intended to support small businesses through the pandemic
- Rules: Use 60 - 100% for 'Payroll', spend within 24 weeks, apply for forgiveness within 16 months
- Process: Apply, sign loan docs, spend correctly and keep records, then apply for forgiveness
- Not taxable
- If you're a FIRST time borrower, no need to prove hardship
- If you're a SECOND time borrower, you'll need to show a 25% drop in profit between 2019 - 2020. Ask your bank or credit union for details.

> How to Handle the Funds

Use 60% - 100% on Payroll. Note 'payroll' in our case equals 'owner draw'

Spend within 24 weeks to spend the funds (Ask your bank about the 8 week option)

Other allowed expenses: rent, utilities, operational (only up to 40% of the loan)

Recommended for Self-Employed Folks:

Option A

1. Put into a business savings or checking - all by itself (open a new account if needed)
2. Choose a "Paycheck" schedule - 1x a month, 2x a month, weekly, every other week
3. Calculate the amount of each paycheck - Total amount/divided by number of payments
4. Give yourself that regular "paycheck" according to your schedule - by, either transferring the money to a personal account, or by writing yourself a check - then cashing in a personal acct
5. Keep track of the schedule with chart on the back

Option B - Ask your bank about taking the Owner Compensation Replacement all at once!

No need to save any for taxes out of the PPP amount

Pro-TIP: If you're worried about being forgiven - then save all the money from the Paychecks that you receive, until forgiveness. If you don't get forgiven, then pay back, or use as a loan.

My Bank / Credit Union's
PPP Loan Support Contacts:



Applying for Forgiveness

Apply through your bank or credit union

Check with them as soon as you get your Funds to learn what is required for paperwork and procedures

DUE - within 10 months after the 24 week window closes

(or, a little under 16 months from disbursement)

Efforts are being made to make this simpler for small businesses

Need Help? Get in touch with your local bank or credit union. Most have dedicated support by phone, chat, or in-person

Hard to get help at your bank? Then **give Verity CU** a try! Scott Kim is a Community Branch Manager that has helped many of my clients and readers in person. Tell him Jenny Girl Friday sent you. scott.kim@veritycu.com or 206.641.2864

Created for you with ♥ from Jenny Girl Friday, Sidekick for Folks in Seattle. Crafted for Womxn, open to every body.
Sign up for tax + license reminders, delivered FREE via email every month | jennygirlfriday.com or seattlebusinessapothecary.com

paycheck record ♡ ppp loan

Name

Business Name

Loan#

Total

Date of Disbursement

Due Date for all Spending

8 or 24 weeks after disbursement

Due Date for Forgiveness

16 months after disbursement

♡	Paycheck Amount	Date	Notes / Running Total
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

Worksheet for calculating Equivalent Payments

My schedule for Paychecks (circle one): monthly 2x a month weekly custom

Number of payments _____

Total Loan \$ _____ divided by #of payments _____ = \$ _____

Example: \$14,000 divided by 12 payments = \$1167