

## How to Calculate Your Loan Amount and Required Documentation Guide

This guide is based upon the Interim Final Rule of Paycheck Protection Program as Amended by Economic Aid Act (1/6/2021) and Interim Final Rule on Second Draw Loan (1/6/2021) which govern the borrower's obligations. This document is intended to be a guide for businesses and does not supersede borrower's obligations under the Interim Final Rules, guidance or law governing the Paycheck Protection Program.

## General Concepts

- To calculate annual payroll costs, businesses may use either the Calendar Year 2019 or 2020. Additionally, if not a self-employed individual, sole proprietorship, or an independent contractor, businesses may choose to use the precise preceding 12-month period to calculate payroll costs.
- Maximum loan amount:
  - First Draw PPP Loans: Lesser of \$10 million or 2.5 x average monthly payroll
  - Second Draw PPP Loans: Lesser of \$2 million or 2.5 x average monthly payroll
    - Exception: Accommodation and Food Services businesses (with a NAICS Code beginning with 72) may borrow up to 3.5 x average monthly payroll
- Independent contractors do not count as employees for purposes of a borrower's PPP loan calculation

Business Type	How to Calculate Your Loan Amount	Required Documentation
<b>Sole Proprietors or Self Employed/No Employees</b>  <b>(Schedule C Filer)</b>	<p><b>Step 1:</b> Find your 2019 or 2020 IRS Form 1040 Schedule C line 31 net profit amount. If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.</p> <p><b>Step 2:</b> Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).</p> <p><b>Step 3:</b> Multiply the average monthly net profit amount from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 1040 Schedule C</li> <li>2019 or 2020 IRS Form 1099-Misc detailing non-employee compensation received (box 7), invoice, bank statement, or book of record establishing you are self-employed.</li> <li>2020 invoice, bank statement, or book of record establishing you were in operation on February 15, 2020</li> </ul>
<b>Sole Proprietors or Self Employed/With Employees</b>  <b>(Schedule C Filer)</b>	<p><b>Step 1:</b> Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:</p> <p>a. Your 2019 or 2020 Form 1040 Schedule C line 31 net profit amount (if you are using 2020 and have not yet filed a 2020 return, fill it out and compute the value), if this amount is over \$100,000 reduce it to \$100,000, if this amount is less than zero, set this amount at zero;</p> <p>b. 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages &amp; tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 1040 Schedule C</li> <li>2019 or 2020 IRS Form 941**</li> <li>State quarterly wage unemployment insurance tax reporting form <b>from each quarter in 2019 or 2020</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>If applicable, documentation of any retirement or health insurance contributions***</li> <li>A payroll statement or similar documentation from the pay</li> </ul>

	<p>insurance or other fringe benefits excluded from Taxable Medicare wages &amp; tips; subtract any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the US; and</p> <p>c. 2019 or 2020 employer contributions to employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040 Schedule C line 14 attributable to those contributions);</p> <p>d. 2019 or 2020 retirement contributions (Form 1040 Schedule C line 19), and</p> <p>e. 2019 or 2020 state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).</p> <p><b>Step 2:</b> Calculate the average monthly amount (divide the amount from Step 1 by 12).</p> <p><b>Step 3:</b> Multiply the average monthly amount from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	<p>period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</p>
<p><b>Farmers and Ranchers/No Employees (Schedule F Filer)</b></p>	<p><b>Step 1:</b> Find your 2019 or 2020 IRS Form 1040 Schedule F line 9 gross income. If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.</p> <p><b>Step 2:</b> Divide the amount from Step 1 by 12.</p> <p><b>Step 3:</b> Multiply the average monthly gross income amount from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	<ul style="list-style-type: none"> <li>• 2019 or 2020 IRS Form 1040 Schedule 1 and Schedule F</li> <li>• 2019 or 2020 IRS Form 1099-MISC detailing non-employee compensation received (box 7), invoice, bank statement, or book of record establishing you are self employed.</li> <li>• 2020 invoice, bank statement, or book of record establishing you were in operation on February 15, 2020</li> </ul>

<p><b>Farmers and Ranchers/With Employees</b></p> <p><b>(Schedule F Filer)</b></p>	<p><b>Step 1:</b> Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:</p> <ol style="list-style-type: none"> <li>The difference between your 2019 or 2020 Form 1040 Schedule F line 9 gross income amount, and the sum of Schedule F lines 15, 22, 23, and 37, if this amount is over \$100,000 reduce it to \$100,000, if this amount is less than zero, set this amount at zero;</li> </ol> <p style="padding-left: 40px;">Note: Any employee payroll costs should be subtracted from the farmer's or rancher's gross income to avoid double counting amounts that represent pay to the employees of the farmer or rancher</p> <ol style="list-style-type: none"> <li>2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages &amp; tips (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 &amp; tips; subtract any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the United States; and</li> <li>2019 or 2020 employer contributions for employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040 Schedule F line 15 attributable to those contributions), employer contributions for employee retirement contributions (Form 1040 Schedule F line 15), and state and local taxes assessed on employers for employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).</li> </ol> <p><b>Step 2:</b> Calculate the average monthly amount (divide the amount from Step 1 by 12).</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 1040 Schedule 1 and Schedule F</li> <li>2019 or 2020 IRS Form 941**</li> <li>State quarterly wage unemployment insurance tax reporting form <b>from each quarter in 2019 or 2020</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>If applicable, documentation of any retirement or health insurance contributions**</li> <li>A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</li> </ul>
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	<p><b>Step 3:</b> Multiply the average monthly amount from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	
<b>Partnerships/No Employees</b>	<p><b>Step 1:</b> Compute 2019 or 2020 payroll (using the same year for all items) by adding</p> <ol style="list-style-type: none"> <li>net earnings from self-employment of individual general partners in 2019 or 2020, as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235, that is not more than \$100,000 per partner;</li> <li>2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, if any, which can be computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages and tips (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 and tips, subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S;</li> <li>2019 or 2020 employer contributions for employee group health, life, disability, vision and dental insurance, if any (portion of IRS Form 1065 line 19 attributable to those contributions);</li> <li>2019 or 2020 employer contributions to employee retirement plans, if any (IRS Form 1065 line 18); and</li> <li>2019 or 2020 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms), if any.</li> </ol> <p><b>Step 2:</b> Calculate the average monthly payroll costs (divide the amount from Step1 by 12).</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 1065 (including K-1s)</li> <li>2020 invoice, bank statement, or book of record establishing the partnership was in operation on February 15, 2020</li> </ul>

	<p><b>Step 3:</b> Multiply the average monthly payroll costs from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	
<b>Partnerships/With Employees</b>	Same as above	<ul style="list-style-type: none"> <li>• 2019 IRS Form 1065 (including K-1s)</li> <li>• 2019 IRS Form 941** and state quarterly wage unemployment insurance tax reporting form <b>from each quarter</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>• If applicable, documentation of any retirement or health insurance contributions**</li> <li>• A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</li> </ul>
<b>S and C Corporations</b>	<p><b>Step 1:</b> Compute 2019 or 2020 (using the same year for all items) payroll costs by adding the following:</p> <ol style="list-style-type: none"> <li>2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, which can be computed using 2019 IRS Form 941 Taxable Medicare wages &amp; tips (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 &amp; tips, subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S;</li> <li>2019 or 2020 employer health insurance contributions (portion of IRS Form 1120 line 24 or IRS Form 1120-S line 18 attributable to health insurance);</li> <li>2019 or 2020 employer retirement contributions (IRS Form 1120 line 23 or IRS Form 1120-S line 17); and</li> </ol>	<ul style="list-style-type: none"> <li>• 2019 or 2020 IRS Form 941** and state quarterly wage unemployment insurance tax reporting form <b>from each quarter</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>• 2019 or 2020 Filed business tax returns (IRS Form 1120 or IRS Form 1120-S)</li> <li>• If applicable, documentation of any retirement or health insurance contributions***</li> <li>• A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</li> </ul>

	<p>d. 2019 or 2020 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).</p> <p><b>Step 2:</b> Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).</p> <p><b>Step 3:</b> Multiply the average monthly payroll costs from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	
<b>Eligible Non-Profit Organizations</b>	<p><b>Step 1:</b> Compute 2019 or 2020 (using the same year for all items) payroll costs by adding the following:</p> <ol style="list-style-type: none"> <li>2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, which can be computed using 2019 IRS Form 941 Taxable Medicare wages &amp; tips (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 &amp; tips, subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S;</li> <li>2019 or 2020 employer health insurance contributions (portion of IRS Form 990 Part IX line 9 attributable to health insurance);</li> <li>2019 or 2020 employer retirement contributions (IRS Form 990 Part IX line 8); and</li> <li>2019 or 2020 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).</li> </ol> <p><b>Step 2:</b> Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).</p> <p><b>Step 3:</b> Multiply the average monthly payroll costs from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 941** and state quarterly wage unemployment insurance tax reporting form <b>from each quarter</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>2019 or 2020 IRS Form 990 IX</li> <li>If applicable, documentation of any retirement or health insurance contributions***</li> <li>A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</li> </ul>

<b>Eligible Religious Institutions, Veterans Organizations, and Tribal Businesses</b>	<p><b>Step 1:</b> Compute 2019 or 2020 (using the same year for all items) payroll costs by adding the following:</p> <ol style="list-style-type: none"> <li>2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, which can be computed using 2019 IRS Form 941 Taxable Medicare wages &amp; tips (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 &amp; tips, subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S;</li> <li>2019 or 2020 employer health insurance contributions;</li> <li>2019 or 2020 employer retirement contributions and</li> <li>2019 or 2020 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).</li> </ol> <p><b>Step 2:</b> Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).</p> <p><b>Step 3:</b> Multiply the average monthly payroll costs from Step 2 by 2.5.</p> <p><b>Step 4:</b> Add the outstanding amount of any applicable EIDL* (applicable to First Draw Loans only)</p>	<ul style="list-style-type: none"> <li>2019 or 2020 IRS Form 941** and state quarterly wage unemployment insurance tax reporting form <b>from each quarter</b> (or equivalent payroll processor records or IRS Wage and Tax Statements)</li> <li>If applicable, documentation of any retirement or health insurance contributions***</li> <li>A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date</li> </ul>
<b>Limited Liability Companies (LLCs)</b>	<p>Follow the instructions that apply to your tax filing situation, for example, filing as a sole proprietor, partnership or corporation</p>	<ul style="list-style-type: none"> <li>Documents that apply to your tax filing situation, for example, filing as a sole proprietor, partnership or corporation</li> </ul>

### Additional Information for Seasonal Employers and Fishing Boat Owners

<b>Seasonal Employer</b>	<p>A seasonal employer (an employer that does not operate for more than 7 months in any calendar year or that during the preceding calendar year, had gross receipts for any 6 months of that year that were not more than 33.33 percent of the gross receipts of the employer for the other 6 months of that year) must determine its</p>
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	maximum loan amount by using the employer's average total monthly payments for payroll for any 12-week period selected by the seasonal employer beginning February 15, 2019, and ending February 15, 2020.
<b>Fishing Boat Owners</b>	A fishing boat owner may include compensation reported on Box 5 of IRS Form 1099-MISC and paid to a crewmember described in section 3121(b)(20) of the Code, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, as a payroll cost in its PPP loan application.

\* Applicable EIDL = Any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

\*\*IRS Form W-2s and IRS Form W-3 or payroll processor reports, including quarterly and annual tax returns, can be used in place of IRS Form 941. Very small businesses that file an annual IRS Form 944 instead of quarterly IRS Form 941 should provide IRS Form 944.

\*\*\*Records from a retirement administrator can be used to document employer retirement contributions while records from a health insurance company or third-party administrator for a self-insured plan can document employer health insurance contributions.