



(NOT SO) Important PPP Update for Sole Proprietors!

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Available for questions during and after webinar

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Quick recap of Payroll Protection Program (PPP)

- First launched in early 2020 right after COVID-related shutdowns
- Available for most small businesses, including sole proprietors (and LLCs filing taxes as a sole proprietor)
- For sole proprietors, funds have been based on 2019 Schedule C, line 31
- Businesses that reported losses on Schedule C in 2019 did not qualify
- Many sole proprietors that did not qualify for PPP were able to receive unemployment assistance in 2020 and 2021

Quick recap of Payroll Protection Program (PPP)

- PPP re-launched in December 2020
- Small businesses who did not receive a PPP loan in 2020 can apply now to receive a first-time PPP loan
- For those who received PPP funds in 2020, you are now eligible to receive a second-round PPP loan (if there was a 25% revenue reduction)
- New first and second round PPP loans are now based on either 2019 or 2020 tax returns, whichever gives you the most funding
- For sole proprietors, funds were still based on Schedule C, line 31

What did we learn last week?

- Eliminate a restriction on PPP access for small business owners with prior non-fraud felony convictions
- The elimination of an exclusion that prevents business owners who are delinquent on federal students loans from accessing the program
- Ensure access for non-citizen small business owners who are lawful U.S. residents

What did we learn last week?

THE GOOD NEWS FOR ANYONE WHO FILES A SCHEDULE C -

- Allows sole proprietors, independent contractors, and self-employed individuals to receive more funding by revising the PPP's formula for these categories of applicants
- Establishes a 14-day, exclusive PPP loan application period for businesses and nonprofits with fewer than 20 employees
- Wednesday, February 24th until March 10th

What did we learn last week?

THE **NOT SO** GOOD NEWS FOR ANYONE WHO FILES A SCHEDULE C -

- The SBA has not yet released the new PPP calculation formula
- This has delayed sole proprietors from being able to file for a PPP loan using the new rules, making the 14 day exclusive window basically meaningless
- Not bad news yet, but no word on whether you can re-apply for more money if you already received a first and/or second PPP loan

What can you do now?

- Make sure you have your 2019 schedule C ready to submit to your bank.
- If you had a better year financially in 2020 than 2019, you will want to have a 2020 Schedule C drafted right away
- If you work with a specific bank, contact them and ask when they will be ready to receive PPP applications with the new calculations
- If you don't have a bank that is accepting PPP loan applications, or you have had trouble working with your bank, here is a link to the SBA's Find a Lender tool –

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

Unemployment insurance

- REMINDER – you cannot receive unemployment and PPP for the same weeks
- If you are currently receiving unemployment, you have a decision to make
- Compare potential PPP funds to the *next 11 weeks* of unemployment
- Unemployment/PPP strategies

PPP Loan Forgiveness

- Be patient
- Many businesses have not applied for forgiveness yet
- Banks are still rolling out forgiveness application portals
- **MOST** PPP loan recipients, especially sole proprietors, will receive 100% forgiveness
- Not 100% forgiven? Talk to your CPA or contact us at PPA before you click on “SUBMIT” on your forgiveness application

Moving forward

- PPA will continue to watch for the SBA's expected guidance
- We will send out a member alert so watch for it
- We'll hold another webinar as soon as possible

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