



# PPP Update for Sole Proprietors – Schedule C Line 7

**Scott Kurkian** PPA, Chief Financial Officer



Professional  
Photographers  
of America

Available for questions during and after webinar

Email [inittogether@ppa.com](mailto:inittogether@ppa.com)

Online Chat available [www.ppa.com/inittogether](http://www.ppa.com/inittogether)

# PPP rule change update

---

- PPP deadline is March 31
- Businesses with less than 20 employees, including sole proprietors, have exclusive access to lenders and the SBA through tomorrow, March 9
- Businesses that reported losses or very small net profits 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

# PPP rule change update

---

- 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 have been based on 2019 Schedule C, line 31

# PPP rule change update

---

- For sole proprietors (Or LLCs that file Schedule C), PPP loans are now based on Schedule C, line 7 (Gross Income)
- NOT Schedule C, line 1 (Gross receipts or sales)
- Effectively, whether you have employees or you not, your loan is based on Line 7
- You have to report employee costs separate from owner's income on line 7
- This should enable many who reported net losses or small net profits on line 31 to now qualify
- [Form 1040 Schedule C](#)

# PPP rule change update

---

- If you've already received both first and second-round loans, then **right now you are not allowed to go back and request additional funds using Line 7**
- If you've received a first-round loan but have not applied for a second-round loan, you can use the new rule (if you qualify for a second-round loan)
- If you haven't applied for a first-round PPP loan yet (you cannot apply for a second if you have not applied for a first-round), you can use the new rule for your first-round loan
- Some confusion – even though this is the second round of PPP funding, you can still get a first-round PPP loan

# PPP rule change update

---

- First-round PPP loan application
- Second-round PPP loan application

# 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

# What can you do now?

## ➤ **FILE FOR A PPP LOAN!!**

- 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, go into your banking portal and see if they have the new applications for sole proprietors ready
- If you don't see the new applications, contact them and ask when they will be ready to receive PPP applications with the new calculations

## ➤ **MAKE SURE YOU DO NOT USE THE OLD PPP APPLICATION**

- 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>

Email [inittogether@ppa.com](mailto:inittogether@ppa.com)

Online Chat available [www.ppa.com/inittogether](http://www.ppa.com/inittogether)



# PPP Update for Sole Proprietors – Schedule C Line 7

**Scott Kurkian** PPA, Chief Financial Officer



Professional  
Photographers  
of America