Calculating PPP Loan Amounts for Independent Contractors and Self-Employed Individuals — No Employees

The CARES Act Quick Takes

- The Small Business Administration provided guidance for individuals with self-employment income who file a form 1040 Schedule C in an Interim Rule issued on April 14, 2020.

- **Eligibility Requirements:**
  - In operation on February 15, 2020;
  - You must submit an invoice, bank statement, or book of record showing this with your application.
  - Have self-employment income (e.g., independent contractor or sole proprietor);
  - You must submit a Form 1099-MISC, bank statement, or book of record to show you are self-employed.
  - Principle place of residence is the United States;
  - Filed or will file a Form 1040 Schedule C for 2019.
  - You must provide this form with your application, even if you have not yet submitted your 2019 taxes.

- **Loan Calculation:** To determine maximum loan amount if you have no employees,
  - Take 2019 IRS Form Schedule C line 31 net profit amount (max. $100,000). Ineligible for loan if amount is zero.
  - Divide by 12 to determine average monthly net profit
  - Multiply by 2.5 to determine maximum loan amount.
  - Add the outstanding amount of any EIDL made between 1/31/20 – 4/3/20, less any EIDL COVID-19 advance.