LAW OFFICE OF
RICHARD KISTNEN

SBA PAYCHECK PROTECTION PROGRAM

WHAT IS THE PAYCHECK PROTECTION PROGRAM?

The Paycheck Protection Program (PPP) is a loan program under a recently passed federal bill to provide a direct incentive to small businesses to keep employees active in the workforce.

More specifically, it's calculated at 2.5 times a company's current payroll (designed to cover 8 weeks of payroll), as well as to help cover key expenses, like rent and utilities.

The funds given will be given as loan with a two-year term and at interest at 1%. The first payment of the loan will be due 6 months from the date of disbursement, although payments may be deferred for up to 1 year.

If 75% or more of the loan amount is used for qualified purposes, such as payroll, then that portion of the loan may be converted to a grant and forgiven, so no repayment would be required.

RESOURCES

www.sba.gov

www.lork.nyc

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WHO IS THE PAYCHECK PROTECTION PROGRAM FOR?

The PPP is designed for small businesses with less than 500 employees (including sole proprietorships, independent contractors, and self-employed persons). There are exceptions for larger businesses. Also included are 501(c)(3) and 501(c) (9) organizations.

In addition to the size qualification, to be eligible, the business must have also:

- been in operation on February 15, 2020; and
- either had (i)employees for whom you paid salaries and payroll taxes; or (ii) paid independent contractors, as reported on a Form 1099-MISC.

RESOURCES

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WHO IS THE PAYCHECK PROTECTION PROGRAM FOR? (CONTINUED)

You also may qualify for the PPP if you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual, and you were in operation on February 15, 2020

WHAT KIND OF DOCUMENTATION MAY BE REQUIRED?

To expedite processing and administration of the PPP, the SBA is allowing lenders to rely on certifications of the borrower in order to determine eligibility of the borrower and use of loan proceeds, as well as to rely on the documents provided by the borrower to determine qualifying loan amount and eligibility for loan forgiveness. These documents may include payroll processor records, payroll tax filings, or Form 1099- MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

RESOURCES

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WHEN IS THE PAYCHECK PROTECTION PROGRAM AVAILABLE?

The PPP will go live on April 3, 2020 for small businesses, and April 10, 2020 for sole proprietors.

The application window closes on June 30, 2020.

Loan application processing and disbursements will be handled on a first-come, first-serve basis.

HOW DO I APPLY FOR THE PAYCHECK PROTECTION PROGRAM?

To apply, you will need to prepare a PPP application form, as well as gather your documentation. Contact a participating lender to find out how to proceed with submitting your application. The application must be submitted to the SBA by a participating lender.

RESOURCES

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