

GUIDELINES FOR CALCULATING THE AMOUNT ELIGIBLE FOR THE PAYCHECK PROTECTION PROGRAM (PPP) LOAN

March 30, 2020

As the law reads:	WG Commentary
Sec 1102 - (2)	
(A)(viii) the term 'payroll costs'	
(I) means -	
(aa) the sum of payments of any compensation with respect to employees that is a -	
(AA) salary, wage, commission, or similar compensation;	<i>These items are reported at gross amounts. Note that guaranteed payments are excluded.</i>
(BB) payment of cash tip or equivalent;	
(CC) payment for vacation, parental, family, medical, or sick leave;	
(DD) allowance for dismissal or separation;	
(EE) payment required for the provisions of group health care benefits, including insurance premiums;	<i>Employer portion only.</i>
(FF) payment of any retirement benefit; or	
(GG) payment of State or local tax assessed on the compensation of employees; and	<i>Employer portion only.</i>
(bb) the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period; and	

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(II) shall not include -	
(aa) the compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;	<i>For example, if an employee is paid \$150k, only \$100k would be eligible, for \$8,333/month.</i>
(bb) taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period;	<i>These are Federal employment taxes.</i>
(cc) any compensation of an employee whose principal place of residence is outside of the United States;	
(dd) qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-127); or	
(ee) qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116-127)	
(E) MAXIMUM LOAN AMOUNT. - During the covered period, with respect to a covered loan, the maximum loan amount shall be the lesser of -	
(i)	
(I) the sum of -	
(aa) the product obtained by multiplying -	
(AA) the average total monthly payments by the applicant for payroll costs incurred during the 1-year period before the date on which the loan is made , except that, in the case of an applicant that is seasonal employer, as determined by the Administrator, the average total monthly payments for payroll shall be for the 12-week period beginning February 15, 2019, or at the election of the eligible recipient, March 1, 2019, and ending June 30, 2019; by	<i>One month's average payroll x 250%, subject to items below.</i>

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As the law reads:	WG Commentary
(BB) 2.5 ; and	
(bb) the outstanding amount of a loan under subsection (b)(2) that was made during the period beginning on January 31, 2020 and ending on the date on which covered loans are made available to be refinanced under the covered loan; or	<i>These are the EIDL loans.</i>
(II) if requested by an otherwise eligible recipient that was not in business during the period beginning on February 15, 2019 and ending on June 30, 2019, the sum of -	<i>This only applies if your business just started.</i>
(aa) the product obtained by multiplying -	
(AA) the average total monthly payments by the applicant for payroll costs incurred during the period beginning on January 1, 2020 and ending on February 29, 2020; by	
(BB) 2.5; and	
(bb) the outstanding amount of a loan under subsection (b)(2) that was made during the period beginning on January 31, 2020 and ending on the date on which covered loans are made available to be refinanced under the covered loan; or	
(ii) \$10,000,000.	

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