

## **Applications for small business Paycheck Protection Program open April 3**

**By Kim Nilsen and Alistair M. Nevius, J.D.**

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Small businesses and sole proprietorships affected by the coronavirus pandemic can apply for loans under the federal Paycheck Protection Program (PPP) beginning Friday.

Starting April 10, independent contractors and self-employed individuals can apply.

The application can be found [here \(https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf\)](https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf) on the Treasury site, along with details for [borrowers \(https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf\)](https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf) and [lenders \(https://home.treasury.gov/system/files/136/PPP%20Lender%20Information%20Fact%20Sheet.pdf\)](https://home.treasury.gov/system/files/136/PPP%20Lender%20Information%20Fact%20Sheet.pdf). Treasury urged those in need of funding to apply quickly, noting that the program has a cap and demand is likely to be high.

The \$349 billion program was enacted as part of last week's Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. Under the program, small businesses with 500 or fewer employees including not-for-profits, veterans' organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors are eligible for loans to pay up to eight weeks of payroll costs including benefits as well as other costs. Businesses with more than 500 employees are eligible in certain industries, Treasury said.

Loan forgiveness is based on the employer's maintaining or quickly rehiring employees and maintaining salary levels, Treasury said in its overview documents. Forgiveness will be reduced if full-time headcount declines or if salaries and wages decrease.

PPP funds can also be used to pay interest on mortgages, rent, and utilities. Treasury noted that due to likely high demand for the program, at least 75% of the forgiven loan amount must have been used for payroll.

Loan payments will be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

An employer who receives a loan under the PPP is not eligible to also claim an employee retention credit under the CARES Act. The employee retention credit gives eligible employers whose business operations are fully or partially suspended due to the COVID-19 pandemic a credit against employment taxes equal to 50% of qualified wages (up to \$10,000 in wages) for each employee.

Visit the *AICPA Coronavirus Resource Center* (<https://www.aicpa.org/news/aicpa-coronavirus-resource-center.html>) for information and resources related to the pandemic.

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