

#### **JJ THE CPA**

SEMINAR SERIES

Focused on Self-Employed

Emphasis on

PPP 2.0

PPP 1.0 Forgiveness

Tax Credits

Also covering

EIDL

**EIDL Grant** 

New tax provisions

1/9/2021

### JJ THE CPA presents

### SELF-EMPLOYED STIMULUS SEMINAR

THANK YOU FOR YOUR BUSINESS!



YOU'VE NEVER MET A
CPA QUITE LIKE

JJ THE CPA

SUBSCRIBE TO MY YOUTUBE CHANNEL
"JJ THE CPA"
OVER 52,000 SUBSCRIBERS OVER 3.6 MILLION VIEWS

#JJtheCPA

1/9/2021

# ONLY ONE DATE & ONE TIME

#### MONTHLY STRATEGY SEMINAR

JJ's January Strategies Seminar:
THIS MONTH I WILL COVER
PPP 2, New Tax Credits & Tax
Peductions, Stimulus
Implementation, Estimated Tax
Payments, Banking, Loans,
Credit, Insurance, Retirement,
Budgeting & More
2 Hours + 1 Hour of Q&A
Only \$97
ONE TIME ONLY

JJ's January Strategy Seminar: More Than Just Stimulus

### NEW MONTHLY SERIES WHAT I SHARE WITH MY CLIENTS, I DON'T SHARE ON YOUTUBE!

#### **NEXT SEMINAR**

Sunday 1/9 3:00 pm cst only 1/9/2021

# SEMINAR MATERIALS www.JJtheCPA.com/EmployerTools

THANKS SO MUCH FOR ATTENDING!

#### Joshua Jenson, CPA aka "JJ THE CPA"

JJ has over 27 years of public accounting experience in the area of tax, specializing in LLC, partnership, S corporation, and related individual tax matters. He is managing partner of Jenson & Company, CPAs, P.C., which he founded over 23 years ago.

JJ THE CPA has traveled to over 50 cities in the last 18 months, presenting tax courses to thousands of fellow CPAs covering the latest tax laws and strategies on behalf of Surgent.

Joshua is also a licensed insurance professional specializing in life insurance, both permanent and term, as well as disability income insurance. He has own insurance practice, Jenson Insurance.

JJ has authored 2 books AVAILABLE ON AMAZON, "JJ THE CPA HERE!" AND "CRACKING THE CPA CODE." THE FIRST BOOK reveals the top 60 questions from his clients, and his solutions, over his 27 years in practice covering issues related to banking, business structure, insurance, and taxes. THE SECOND BOOK PROVIDES THE SECRET OF HOW TO GET REFERRALS FROM CPA's.

Joshua Jenson, CPA is a licensed CPA in Oklahoma and Texas, and a member of the American Institute of CPAs, Oklahoma Society of CPAs.

He has his insurance license in Oklahoma. JJ served as the past Chairperson of the OSCPA Educational Foundation and was named CPA of the year by his CPA peers. Joshua is a 1993 graduate of Abilene Christian University where he earned is accounting degree.

JJ the CPA has OVER 52,000 SUBSCRIBERS AND OVER 3.6 million views on his YouTube channel "JJ THE CPA," and is heavily represented on social media, with daily postings, including daily videos released on everything dealing with money.

Search #JJTHECPA to find him ON ANY SOCIAL MEDIA PLATFORM.

### OF DOCUMENTS SUGGESTED FOR THE SEMINAR, OR WHEN YOU PREPARE ANY OF THESE DOCUMENTS



JJ THE CPA'S EMPLOYER SEMINAR POWERPOINT PDF

**CHECKLIST for Self-Employed Seminar** 

SBA WEB PAGE ON ALL THINGS PPP 1 & PPP 2



Self-Employed Seminar Checklist
PPP 2, PPP 1 Forgiveness, Tax Credits Checklist

## JJ@JJ<mark>the</mark>CPAhelp.com

You don't have this one.

It is NOT what you have received emails from.

We will tell you why you would want this today... later

#### **DISCLAIMER OF THE OBVIOUS:**

DISCLAIMER APPLICABLE TO ALL INFORMATION CONTAINED IN THIS WEBINAR, APPLICABLE TO ALL MATERIALS AND ANYTHING STATED.

I AM A CPA, BUT I AM NOT YOUR CPA UNLESS YOU'VE SIGNED A WRITTEN ENGAGEMENT LETTER WITH MY PRACTICE THAT I HAVE ALSO ACCEPTED AND SIGNED, AND YOU HAVE PAID MY PRACTICE A FEE THAT HAS BEEN ACCEPTED AS A FEE. YOUR VIEW OF THIS INFORMATION AND ANY INTERACTION WE MAY HAVE DOES NOT CONSTITUTE A PROFESSIONAL RELATIONSHIP IN ANY MANNER OR CAUSE ME TO BE CONSIDERED YOUR CPA OR ANY TYPE OF ADVISER. YOUR FEE PAID TO ME OF \$97 IS NOT A FEE TO RETAIN MY OR MY CPA FIRM'S SERVICES AND IS ONLY TO ATTEND THIS WEBINAR AND RECEIVE THE APPLICABLE MATERIALS. YOU MUST CONSULT WITH YOUR OWN TAX ADVISER AND LEGAL COUNSEL BEFORE YOU ACT. I AM SPECIFICALLY TELLING YOU, DO NOT RELY ON ANY ADVICE YOU BELIEVE I HAVE PROVIDED, BUT USE IT AS A GUIDE ON HOW TO FOLLOW UP AND INTERACT WITH YOUR OWN QUALIFIED ADVISERS AS I AM SIMPLY PROVIDING INFORMATION TO POINT A PERSON IN A DIRECTION THAT ONLY LEADS THEM TO SEEK ADVICE FROM THEIR QUALIFIED ADVISER(S) BEFORE IMPLEMENTING ANYTHING OR ACTING. ANY INFORMATION IN THIS WEBINAR IS INTENDED FOR INFORMATIONAL PURPOSES AND FOR GENERAL GUIDANCE ONLY AND MUST NEVER BE CONSIDERED A SUBSTITUTE FOR ADVICE PROVIDED BY YOUR TAX ADVISER. ATTORNEY OR OTHER APPLICABLE ADVISERS AS THE INFORMATION IN THIS WEBINAR DOES NO CONSTITUTE ADVICE WHATSOEVER, WHETHER TAX, LEGAL, FINANCIAL OR OTHERWISE. UNDER NO CIRCUMSTANCES WILL I BE RESPONSIBLE FOR OR LIABLE IN ANY WAY FOR ANY CONTENT, INCLUDING BUT NOT LIMITED TO, ANY ERRORS, ACCURACY, MISUNDERSTANDINGS OR OMISSIONS IN ANY CONTEN. THIS WEBINAR IS ONLY EFFECTIVE AS OF 1/8/2021, EVEN IF YOU ASSUMED A LATER DATE. I WILL NOT BE ABLE TO INFORM YOU OF ANY CHANGES TO ANY OF THE INFORMATION AFTER 1/8/2021. I ACCEPT NO RESPONSIBILITY TO DELETE, UPDATE, CHANGE OR OTHERWISE CORRECT ANY INFORMATION PROVIDED IN THIS WEBINAR, WHETHER, PAST, PRESENT OR FUTURE, OR PROVIDE SUCH NOTICES OF THESE ACTIONS. THERE ARE NO REPRESENTATIONS OF ANY KIND CONCERNING THE ACCURACY OR SUITABILITY OF THE INFORMATION CONTAINED IN THIS WEBINAR. THE IRS DICTATES THAT UNDER CIRCULAR 230 YOU CANNOT RELY ON THE PERCEIVED ADVICE ON THIS WEBSITE TO REDUCE DOWN YOUR PENALTIES. THIS IS NOT ADVICE. THIS IS FOR INFORMATIONAL PURPOSES ONLY. I SHALL NOT BE LIABLE FOR ANY DIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, ANY LOSS OF PROFITS OR REVENUES, ASSESSMENT OR COST OF TAX, PENALTIES, INTEREST WHETHER INCURRED DIRECTLY OF INDIRECTLY. AND ANY OTHER DAMAGES ARISING OUT OF ACCESS TO OR USE OF ANY CONTENT AVAILABLE ON THIS WEBINAR OR LINKS, REGARDLESS OF YOUR UNDERSTANDING, SUITABILITY, THE ACCURACY OR COMPLETENESS OF ANY SUCH CONTENT. I DISCLAIM ANY CONTROL OVER, RELATIONSHIP WITH, OR ENDORSEMENT OF VIEWS EXPRESSED BY ANYTHING PROVIDED BY A LINK, IT'S ADVERTISERS AND/OR OTHER USERS, AS LINKED ARE PROVIDED ONLY AS A CONVENIENCE. AND I SHALL NOT BE RESPONSIBLE FOR ANYTHING PROVIDED BY SUCH PERSONS OR ENTITIES IN OR BY ANY LINK.

All Effective 1/9/2021

### THINGS CHANGE! STAY UP TO DATE!

CONGRESS, IRS, SBA, U.S. TREASURY, ETC. CHANGE RULES, REGULATIONS, ETC. ALL THE TIME.

#### STAY UP TO DATE!

This seminar is based on what is known as of 1/9/2021

### SUBMIT YOUR QUESTIONS WHEN INDICATED IN THE SEMINAR, WHICH WILL BE NEAR THE END.

PLEASE NOTE, DUE TO TIME CONSTRICTIONS

- IT WILL BE FIRST SUBMITTED BASIS OF ANSWERING QUESTIONS STARTING WHEN I INDICATED TO SUBMIT QUESTIONS.
- IF YOU SUBMIT QUESTIONS BEFORE THAT TIME, IT IS LIKELY TO GET OVERLOOKED BECAUSE WE WILL NOT START TRACKING QUESTIONS UNTIL THE TIME I INDICATE. THAT TIME WILL BE MADE VERY CLEAR!
- I WILL ONLY BE ABLE TO ANSWER QUESTIONS ABOUT THE SUBJECT MATTERS PRESENTED TODAY

### PLEASE AVOID POLITICAL OR NEGATIVE COMMENTS ABOUT THE STIMULUS

I UNDERSTAND WE ALL HAVE POLITICAL OPINIONS THAT ALSO AFFECT YOUR VIEW OF THIS LATEST STIMULUS. WHILE I APPRECIATE THAT, PLEASE REFRAIN FROM SHARING YOUR OPINIONS HERE AS WE SIMPLY DON'T HAVE TIME FOR IT AND THIS IS NOT THE SETTING FOR IT.

I RECOGNIZE THE STIMULUS MAY NOT BE ENOUGH IN SOME AREAS, AND SOME MAY THINK IT IS TOO MUCH IN OTHERS, HOWEVER, IF YOU ARE UNHAPPY WITH THIS STIMULUS, PLEASE ALSO REFRAIN FROM PROVIDING YOUR OPINION ABOUT IT.

IF YOU DECIDE TO NOT ADHERE TO THESE REQUESTS, PLEASE NOTE WE WILL REMOVE YOU FROM THE ZOOM SEMINAR AND YOU CAN WATCH THE REMAINDER OF THE ZOOM SEMINAR WHEN YOU RECEIVE THE LINK TO RE-WATCH IT. NO REFUND WILL BE PROVIDED, AS YOU WILL STILL GET THE FULL VIDEO AND ALL THE MATERIALS, AND THE OPPORTUNITY TO ATTEND THE FREE FOLLOW UP SEMINAR.

I AM CONFIDENT WE WON'T HAVE ANY ISSUES, HOWEVER, I WOULD STILL LIKE TO NOTE THIS.

I APPRECIATE IT!

### TAX AVOIDANCE: using the tax laws to reduce your tax (avoid tax)

TAX EVASION: AVOIDING THE TAX LAWS TO REDUCE TAX (EVADE TAX)
ILLEGAL

TAX LOOPHOLE: using the tax laws to reduce your taxes

TAX FRAUD: IGNORING THE TAX LAWS TO REDUCE YOUR TAXES

#### SETTING THE STAGE!

- WE WILL ONLY BE ADDRESSING FEDERAL INCOME TAXES (NOT STATE TAXES)
- UNLESS STATED OTHERWISE
  - THE CASH BASIS OF ACCOUNTING IS ASSUMED
  - THE TAX BASIS WILL BE CASH BASIS
- MANY EXAMPLES WILL BE USING SIMPLE MATH
  - IF A TAX AMOUNT IS INDICATED, WHILE IT COULD BE THAT THE TAX ENCOMPASSES MANY DIFFERENT TAX RATES AND POSSIBLY NET OF CREDITS, THE BASICS SHOULD BE ASSUMED

### SET THE STAGE WITH A WORD ON "LLC'S"

- SPECIFICALLY TO PPP 1 OR 2, YOU MUST GRASP THIS TO ENSURE YOU APPLY PROPERLY
- LLC'S ARE A LEGAL DESIGNATION, NOT A TAX CLASSIFICATION
  - AN LLC CAN BE TAXED AS ANYTHING & CAN BE
    - S-CORP
    - C-CORP
    - PARTNERSHIP
    - SOLE-PROPRIETOR FILING SCHEDULE C OR F
    - OWN REAL ESTATE AND FILE SCHEDULE E
    - DISREGARDED ENTITY
    - SINGLE MEMBER
- A SINGLE MEMBER LLC IS SIMPLY AN LLC OWNER BY ONE MEMBER, NOT A TAX CLASSIFICATION
  - A SINGLE MEMBER LLC CAN BE A C-CORP, S-CORP, SCHEDULE C, F OR E OR DISREGARDED

### SET THE STAGE WITH A WORD ON SELF-EMPLOYED IN THE TAX & FINANCIAL WORLD

- SPECIFICALLY TO PPP 1 & 2, YOU MUST GRASP THIS TO ENSURE YOU APPLY PROPERLY
- SELF-EMPLOYED IS NOT SOMEONE WHO SIMPLY OWNS THEIR OWN BUSINESS.
- SELF-EMPLOYED IS <u>NOT</u> AN EMPLOYEE OF THEIR BUSINESS
  - SELF-EMPLOYED CANNOT PAY THEMSELVES W-2 WAGES.
  - PULLING MONEY FROM YOUR SEPARATE BUSINESS ACCOUNT IS NOT CONSIDERED PAYROLL (EVEN IF YOU CALL IT PAYROLL)

### SET THE STAGE WITH A WORD ON SELF-EMPLOYED IN THE TAX & FINANCIAL WORLD

- SELF-EMPLOYED IS TYPICALLY FILES SCHEDULE C OR F WITH THEIR INDIVIDUAL TAX RETURN
- SELF-EMPLOYED HAS NET INCOME SUBJECT TO SELF-EMPLOYMENT TAX.
- SELF-EMPLOYMENT TAX IS 15.3% & TYPICALLY ASSESSED ON THE NET INCOME FROM SCHEDULE C, SCHEDULE F
  - SOMETIMES ON THE "SELF-EMPLOYMENT EARNINGS" FROM A SCHEDULE K-1 FROM A PARTNERSHIP
- S-CORPS & PARTNERSHIPS DO NOT PAY FEDERAL INCOME TAXES, THE OWNERS DO
  - THAT DOES NOT MAKE THE OWNERS "SELF-EMPLOYED" BECAUSE THEY ARE NOT
- S-CORP & C-CORP OWNERS ARE SPECIFICALLY NOT CONSIDERED SELF-EMPLOYED
  - WHETHER THE OWNERS RECEIVES WAGES AND/OR DISTRIBUTIONS/DIVIDENDS DOESN'T CHANGE THAT
- IT IS IMPORTANT TO BE AWARE OF THESE DISTINCTIONS WHEN APPLYING FOR PPP 2.0 AND/OR SEEKING ADVICE

### SET THE STAGE WITH A WORD ON SELF-EMPLOYED IN THE TAX & FINANCIAL WORLD

- THERE IS NO SUCH THING AS A 1099-EMPLOYEE
  - AN EMPLOYEE BY DEFINITION IS SOMEONE PAID W-2 WAGES (WITH WITHOLDINGS)
  - THE AMOUNT YOU PAY ANYONE AS A SELF-EMPLOYED WILL ONLY BE CONSIDERED WAGES TO AN EMPLOYEE IS IF YOU WITHHOLD TAXES FROM THAT PERSON'S COMPENSATION
    - YOU ISSUE A FORM W-2,
    - AS WELL AS YOU PAYING EMPLOYER PAYROLL TAXES AND
    - FILING TAX RETURN MONTHLY, QUARTERLY & ANNUALLY

### TAX DEDUCTION VS. TAX CREDIT WHICH IS BETTER?

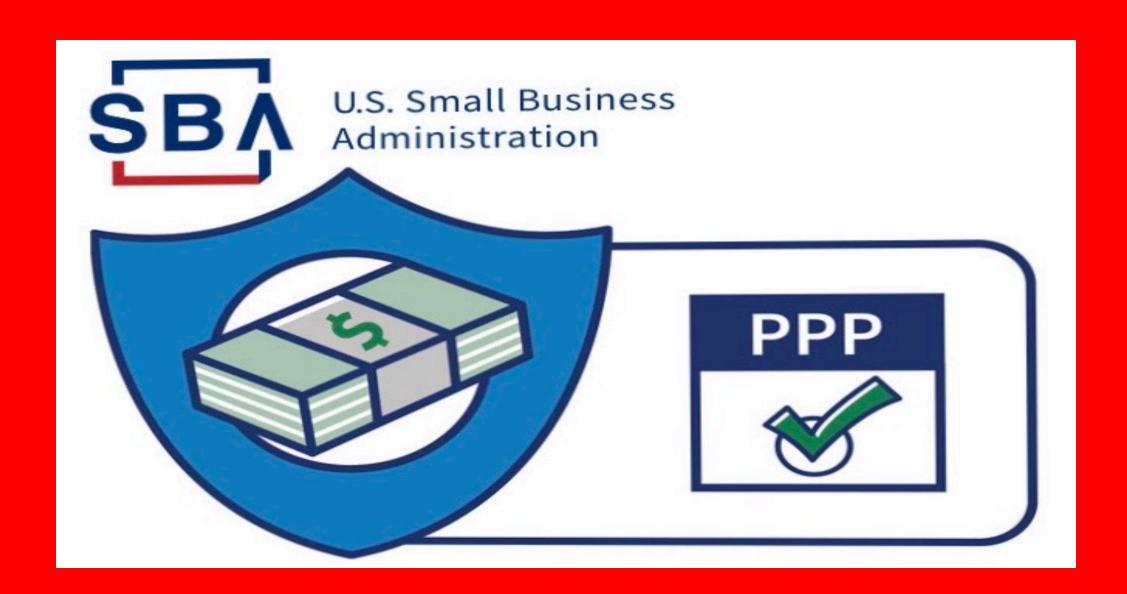
#### A TAX DEDUCTION REDUCES YOUR TAXABLE INCOME

- \$10,000 TAX DEDUCTION IN OUR EXAMPLE SAVE SOMEONE \$3,200 IN TAXES IF THEY ARE IN THE TAX
   RATE OF 32%
- WHY? HOW? BECAUSE BY REDUCING TAXABLE INCOME IT REDUCED THE AMOUNT SUBJECT TO THE TAX RATE BY 32%
- A TAX CREDIT REDUCES TAX... DOLLAR FOR DOLLAR
  - \$10,000 TAX CREDIT WOULD REDUCE DOWN THE TOTAL TAX BY \$10,000
- A TAX CREDIT IS USUALLY BETTER THAN A TAX DEDUCTION
  - IF YOU GET A TAX CREDIT AND A TAX DEDUCTION ON THE SAME EXPENSE, THE EXPENSE WILL BE REDUCED (FOR TAX PURPOSES) BY THE AMOUNT OF TAX CREDIT



# CONSOLIDATED APPROPRIATIONS ACT RECENT STIMULUS ACT

BECAUSE THE ACT IS 5,593
PAGES LONG (pdf) AND
HAS "CONSOLIDATED"
MANY PROVISIONS
TOGETHER, THROUGH OUT
THE SEMINAR MATERIALS,
ANY PAGE NUMBERS
REFERENCED WILL BE THE
PAGE NUMBER OF THE PDF
PROVIDED, TO FIND THE
LANGUAGE IN THE ACT



### PPP 1.0 FORGIVENESS TAX AFFECT & EIDL GRANT AFFECT

- PRIOR LAW
  - PPP FORGIVENESS IS NOT INCOME
  - EMPLOYERS: AMOUNT OF PPP FORGIVENESS REDUCES TAX DEDUCIONS (DRIVING UP NET TAXABLE INCOME)
  - EMPLOYERS: <u>CANNOT</u> DEDUCT THE AMOUNT OF PPP FORGIVEN
  - SELF-EMPLOYED: NO TAX AFFECT
  - PPP FORGIVENESS REDUCED BY THE EIDL GRANT RECEIVED

- THE STIMULUS SIGNED INTO LAW
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - EMPLOYERS: CAN NOW DEDUCT THE AMOUNT OF PPP FORGIVEN (IN YEAR SPENT)
  - SELF-EMPLOYED: NO TAX AFFECT
  - PPP FORGIVENESS DOES NOT GET REDUCED BY THE EIDL GRANT RECEIVED
  - NEW: IRS RELEASED REV. RUL. 2021-02 ON JAN 6<sup>TH</sup> CONFIRMING IT WILL FOLLOW THE NEW LAW AND THE PRIOR IRS NOTICES, IRS REV. RUL. & IRS REV. PROC. ARE CANCELLED AND OTHERWISE OBSOLETE

### PPP 1.0 vs 2.0 (PAYCHECK PROTECTION PROGRAM)

- PRIOR LAW (PPP 1.0 NEW CAN RE-APPLY THROUGH 3/31/21)
- LOAN BASED ON 2.5 TIMES
  - 2019 PAYROLL (EMPLOYERS)
  - 2019 SCHEDULE C (SELF-EMPLOYED)
- 60% INTENDED FOR PAYROLL COSTS
  - FORGIVENESS LIMITED TO AMOUNT THAT WOULD INCLUDE 60% FOR PAYROLI
  - SELF-EMPLOYED SCHEDULE C/F ARE NOT EMPLOYEES & THIS DOES NOT APPLY

8 OR 24 WEEKS TO USE LOAN (BORROWER'S CHOICE)

- THE STIMULUS SIGNED INTO LAW (PPP 2.0)
- LOAN BASED ON 2.5 TIMES (NEW 3.5 IF NAICS STARTS #72)
  - HIGHER OF (NEW)
  - 2019 or 2020 PAYROLL (EMPLOYERS)
  - 2019 or 2020 SCHEDULE C (SELF-EMPLOYED)
- 60% INTENDED FOR PAYROLL COSTS
  - FORGIVENESS LIMITED TO AMOUNT THAT WOULD INCLUDE 60% FOR PAYROLI
  - SELF-EMPLOYED SCHEDULE C/F ARE NOT EMPLOYEES & THIS DOES NOT APPLY
  - NEW: INCLUDES GROUP LIFE, GROUP DISABILITY INSURANCE, GROUP DENTAL, GROUP VISION BENEFITS PAID BY THE EMPLOYER (EXCLUDES SELF-EMPLOYED)
- 8 OR 24 WEEKS TO USE LOAN (BORROWER'S CHOICE)
  - RELEVANT TO THE SCHEDULE C/F FILER
    - 8 WEEKS THE FORGIVENESS CALCULATION IS 2019 SCHEDULE C LINE 31 DIVIDED BY 52 TIMES 8
    - 24 WEEKS THE FORGIVENESS CALCULATION IS 2019 SCHEDULE C LINE 31 DIVIDED BY 12 TIMES 2.5
      - THIS YIELDS THE SAME CALCULATION AS WHAT THE PPP 1.0 LOAN IS BASED ON
      - WHICH SHOULD ACHIEVE FULL FORGIVENESS

### PPP 1.0 vs 2.0 (PAYCHECK PROTECTION PROGRAM)

- PRIOR LAW (PPP 1.0)
- 1% INTEREST POSSIBLY COMPOUNDED
- REPAYMENT <u>EITHER</u> 2 **OR** 5 YRS ON NONFORGIVENESS

- COVERED USES: PAYROLL COSTS, RENT, UTILITIES, INTEREST
  - THIS DOES NO APPLY TO THE SELF-EMPLOYED UNLESS YOU HAVE EMPLOYEES

- THE STIMULUS SIGNED INTO LAW (PPP 2.0)
- 1% INTEREST NOT COMPOUNDED
- 5 YRS ON REPAYMENT OF NONFORGIVENESS

- COVERED USES: PAYROLL COSTS (INCLUDING THE NEW PAYROLL COSTS LISTED ABOVE, RENT, UTILITIES, INTEREST
  - THIS DOES NO APPLY TO THE SELF-EMPLOYED UNLESS YOU HAVE EMPLOYEES
- AS WELL AS CERTAIN OPERATIONS EXPENDITURES, CERTAIN PROPERTY DAMGE, CERTAIN SUPPLIER COSTS, CERTAIN WORKER PROTECTION EXPENSES

### PPP 1.0 and 2.0 (Paycheck Protection Program) FORGIVENESS TREATED THE SAME

- THE STIMULUS LAW (PPP 1.0)
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - NO TAX AFFECT TO THE SELF-EMPLOYED
  - PPP FORGIVENESS DOES NOT GET
     REDUCED BY THE EIDL GRANT RECEIVED

- THE STIMULUS LAW (PPP 2.0)
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - NO TAX AFFECT TO THE SELF-EMPLOYED
  - PPP FORGIVENESS DOES NOT GET REDUCED
     BY THE EIDL GRANT RECEIVED

### NEW PPP 1.0 IS OPEN FOR "RE-APPLYING"

- ONLY APPLIES IF THE NEW RULES OR LATER RULES WOULD HAVE PROVIDED A LARGER PPP 1.0
- THIS IS NOT "CAN I GET SOME MORE"
- IT APPEARS AT THIS TIME THE LATEST PPP 1.0 RULES & FORM STILL APPLY
- NEED TO ALREADY HAVE AN EXISTING PPP 1.0 LOAN
- CANNOT HAVE ALREADY RECEIVED FORGIVENESS ON PPP 1.0 LOAN
- BIGGEST WAY SOMEONE BENEFITS FROM THIS IS A FARMER/RANCHER THAT GOT PPP 1.0 USING SCHEDULE F AS THE NEW GUIDELINES ALLOW THIS APPLICANT TO NOW BASE THE PPP 1.0 LOAN ON THE "GROSS RECEIPTS" REFLECTED ON SCHEDULE, NOT THE "NET INCOME"
- SCHEDULE C SELF-EMPLOYED: IF YOUR PPP 1.0 LOAN WAS BASED ON AN ESTIMATED AMOUNT OF NET INCOME OR 2018 SCHEDULE C, AND YOU RECEIVED ULTIMATELY LESS THAT YOU WOULD HAVE "IF" IT HAS BEEN BASED ON THE ACTUAL SCHEDULE C FILED WITH THE IRS, YOU CAN RE-APPLY FOR PPP 1.0

#### **NEW**

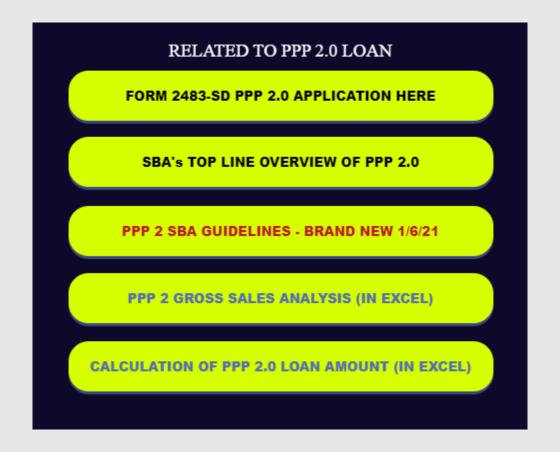
PPP 2.0 & RE-APPLYING FOR PPP 1.0 ENDS 3/31/2021

PPP 2.0 EXPECTED TO OPEN

MONDAY-WEDNESDAY

1/11-1/14







#### APPLYING FOR PPP 2.0

- FOR THE SELF-EMPLOYED THIS IS EITHER BASED OFF SCHEDULE C OR SCHEDULE
  - BASED ON THE NET INCOME OF EITHER 2019 OR 2020
    - SCHEDULE C LINE 31
    - SCHEDULE F LINE 34
- THIS CANNOT BE BASED OFF SCHEDULE E
  - SCHEDULE E IS NOT SUBJECT TO SELF-EMPLOYMENT TAXES
  - THEREFORE DOES NOT QUALIFY FOR PPP 2.0

#### TO OBTAIN PPP LOAN 2.0

- IMMEDIATELY YOU NEED TO DO THESE 3 THINGS.
  - 1. CONTACT YOUR BANK & MAKE SURE THEY ARE PARTICIPATING IN PPP 2. IF NOT, FIND ANOTHER BANK. (I DO NOT HAVE A LIST OF WHO IS PARTICIPATING)
  - 2. ENSURE YOU QUALIFY WITH THE 25% REDUCTION IN GROSS RECEIPTS TEST
  - 3. DETERMINE HOW MUCH PPP 2.0 YOU QUALIFY FOR
    - OBTAIN YOUR 2019 AND 2020 PAYROLL COSTS
    - OR FOR SELF-EMPLOYED YOUR 2019 SCHEDULE C AND
    - 2020 EITHER SCHEDULE C OR EXPECTED NET INCOME ON 2020 SCHEDULE C
- APPLY IMMEDIATELY WITH FORM 2483-SD.

### APPLYING FOR PPP 2.0 – FORM 2483-SD SIMPLIFIED FOR UP TO \$150,000 LOANS

#### FOR THE SELF-EMPLOYED, THE MAX PPP 2.0 LOAN IS \$20,833

BASED ON MAX ALLOWED FROM NET INCOME BEING \$100,000 \$100,000 DIVIDED BY 12 MULTIPLIED BY 2.5 IS \$20,833

THEREFORE THE ONLY WAY THE SELF-EMPLOYED HAVE A PPP 2.0 LOAN AMOUNT IN EXCESS OF THAT AMOUNT IS "IF" THE SELF-EMPLOYED ALSO PAYS W-2 WAGES TO EMPLOYEES

BORROWER MAY SUBMIT A CERTIFICATION IT MEETS THE REVENUE LOSS REQUIREMENT & ATTEST TO THE AMOUNT NEEDED

HOWEVER, THE BORROW MUST SUBMIT DOCUMENTATION WHEN APPLYING FOR FORGIVENESS THAT IT MET ALL REQUIREMENTS TO QUALIFY FOR THE LOAN; REGARDLESS OF PPP 2.0 LOAN AMOUNT

NOTE: OVER \$150,000 AT FORGIVENESS APPLICATION TIME, NOT ONLY WILL YOU HAVE TO SHOW YOU USED PPP 2 ON COVERED EXPENSES, BUT YOU ALSO QUALIFIED TO GET PPP 2 BY THE AT LEAST 25% DROP IN REVENUE REQUIREMENT.

			Se	Paycheck Protection P econd Draw Borrower Appl				OMB Control No. Expiration Date: 7		7
	Inc	dependent Contractor (1(c)(3) nonprofit (1)(c)(19) veterans orgalibal Business (1)Oth	501(aniza er	ation Housing cooperative	DBA	or Tradenan applicable)		Year of Establis applicab		if
		Business Legal	l Na	me			NAICS	S Code		
	Business Address (S	Street, City, State, Z		ode - No P.O. Box addresses	Busine	ss TIN (EIN,	SSN)	Business Ph	one	
					Pr	imary Contac	t	Email Add	ress	
	Average Monthly Payroll:	s	7 F	2.5 (or x 3.5 for NAICS 22 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	•	(includi	r of Emplo ing affiliate ble; may n			
	Purpose of the	Payroll Costs		Rent / Mortgage Interest		Utilities		Covered Ope Expenditures	erations	
	loan (select all that apply):	Covered Prop	erty	Covered Supplier Costs		Covered Wor otection Exper		Other (expla	in):	
	PPP First Draw SBA Loan Number:									
	Reduction in Gross R			020 Quarter			ce Quarter	r		
	25% (Applicants for		(	e.g., 2Q 2020):		(e.g., 2Q	2019):			_
	less may leave blank upon or before seekin or upon SBA request	ng loan forgiveness	0	Gross Receipts: \$		Gross R	eceipts	s		
	List all owners of 20% of	or more of the equity	of th	Applicant Owners ne Applicant. Attach a separate si		essary.				
	Owner N	ame		Title Ownersl	nip % TI	N (EIN, SSN)		Address		
	If questions (1), (2), (4),	or (5) are answered	"Yes	"," the loan will not be approved						
				Question					Yes	N
				presently suspended, debarred, p transaction by any Federal depar						
	2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?									
	3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including a management agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the									
	relationship on a separate sheet identified as addendum A.  4. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for									
	any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?  Initial here to confirm your response to question 4—>									
	application for federal owner of the Applicar probation (including p	Il financial assistance, nt 1) been convicted; probation before judg	or w 2) pl		felony, ha	as the Applicar	nt (if an ind	dividual) or any		
	Initial here to confirm	<u> </u>								$\vdash$
			eside	ence for all employees included	in the App	olicant's payro	ll calculation	on above?		_
	<ol><li>Is the Applicant a fran</li></ol>	ncnise?								

8. Is the franchise listed in SBA's Franchise Directory? If yes, enter SBA Franchise Identifier Code here:

1,	/9/2021	

	Paycheck Protection Program Second Draw Borrower Application Form				
Check One Sole Proprietor Partnership C-Corp S-Corp L Independent Contractor Self-Employed Individual	.C DBA or Tradename (if applicable)	Year of Establishment (if applicable)			
501(c)(3) nonprofit 501(c)(6) organization 501(c)(19) veterans organization Housing cooperative Tribal Business Other					
Business Legal Name	NA	ICS Code			
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN)	Business Phone			
	Primary Contact	Fmail Address			

	Average Monthly Payroll:	s	x 2.5 (or x 3.5 for 72 applicants) equ Request Amount exceed \$2,000,000	ials Loan (may not	(ir	iumber of Employees including affiliates, if pplicable; may not exceed 300):		
	Purpose of the		Rent / Mortgage Interest		Utilities		Covered Op Expenditures	erations
	loan (select all that apply):	Covered Property Damage	Covered Property Damage Covered Su		Covered Worker Protection Expenditures		Other (explain):	
PPP First Draw SBA Loan Number:								
	Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):		2020 Quarter (e.g., 2Q 2020):			ference Quarter g., 2Q 2019):		
			Gross Receipts:	s	Gr	ross Receipts	s	

Applicant Ownership
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

## PPP LOAN 2.0 PROVISIONS

**NEW: APPLY WITH FORM 2483-D** 

EMPLOYS NOT MORE THAN 300 W-2 EMPLOYEES

BASED ON PAYROLL COSTS. MONTHLY AVERAGE MULTIPLIED BY 2.5

ENTITIES WITH NAICS THAT BEGIN WITH 72

THE FACTOR IS 3.5 (THAT MEANS MONTHLY AVERAGE PAYROLL COSTS MULTIPLIED BY 3.5

**NEW:** BORROWER GETS TO CHOOSE WHICH SCHEDULE C LINE 31 OR SCHEDULE F LINE 34 TO USE

BASED ON THE HIGHER OF 2019 OR 2020

**NEW: IF BASING PPP 2.0 ON 2019 (NOT 2020)** 

BORROWER DOESN'T HAVE TO PROVIDE ANY DOCUMENTATION WHEN APPLYING FOR

IF USING THE SAME LENDER AS PPP 1.0

NEW: IF BORROWER IN BUSINESS ALL 4 QUARTERS OF 2019

CAN USE CALENDAR YEAR FOR 25% REDUCTION IN GROSS RECEIPTS TEST

IF 2020 IS 25% OR MORE... LESS... THAN 2019, CAN USE ANNUAL AMOUNTS FOR THE TEST

MUST THEN BE BASED ON TAX RETURNS FILED WITH IRS AT TIME OF FORGIVENESS

## PPP LOAN 2.0 PROVISIONS

NEW: GROSS RECEIPTS ARE BASED ON WHAT IS REPORTED AS GROSS RECEIPTS ON THE TAX RETURN BORROWERS TAX BASIS IS USED ONLY REDUCTION ALLOWED IS FOR "RETURNS & ALLOWANCES"

NEW ENTITIES: DEFINED AS "DID NOT EXIST" DURING 1 YEAR PERIOD PRECEDING 2/15/20

CLARIFIED AS STILL TRUE: MUST HAVE EXISTED ON 2/15/2020

DIVIDE TOTAL PAYROLL COSTS BY THE NUMBER OF MONTHS IT HAD PAYROLL

MULTIPLIED BY 2.5

NEW: A BUSINESS PERMANTLY CLOSED CANNOT APPLY, EVEN IF THEY RECEIVED PPP 1.0

NEW: MADE CLEAR BY SBA, PPP 1.0 DOES NOT NEED TO BE FORGIVEN

THE APPLICATION FOR PPP 1.0 FORGIVENESS DOES NOT NEED TO BE SUBMITTED BEFOREHAND

### PPP LOAN 2.0 PROVISIONS

NEW: BORROWER CERTIFIES THEY HAVE USED (OR WILL USE) ALL PPP 1.0

NEW: MADE CELAR PPP 1.0 PROCEEDS <u>OR</u> EIDL GRANTS ARE <u>NOT</u> CONSIDERED GROSS RECEIPTS FOR 25% TEST (NOT INCOME OTHERWISE)

MAX PPP 2.0 LOAN IS \$2 MILLION

ALL BORROWERS (LIKE PPP 1.0) WILL BE SHARED IN A MANNER MADE PUBLIC OF LOAN AMOUNT

\$2 BILLION SET ASIDE FOR 60 DAYS FOR EMPLOYERS WITH NOT MORE THAN 50 EMPLOYEES & SELF EMPLOYED

## PPP LOAN 2.0 FORGIVENESS PROVISIONS

IF PPP 2.0 LOAN AMOUNT IS \$150,000 OR LESS
ONLY DOCUMENTATION REQUIRED AT TIME OF FORGIVENESS
IS PROOF OF THE 25% LESS GROSS RECEIPTS TEST

#### SCHEDULE C **Profit or Loss From Business** OMB No. 1545-0074 (Form 1040 or 1040-SR) (Sole Proprietorship) ▶ Go to www.irs.gov/ScheduleC for instructions and the latest information. Department of the Treasury Internal Revenue Service (99) Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09 Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see instructions) B Enter code from instructions Business name. If no separate business name, leave blank. D Employer ID number (EIN) (see instr.) Business address (including suite or room no.) City, town or post office, state, and ZIP code Accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶ Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses . Department of the Treasury Internal Revenue Service 2019 Instructions for Schedule C

#### Line B

Enter on line B the six-digit code from the <u>Principal Business or Professional</u> <u>Activity Codes</u> chart at the end of these instructions.

## NAICS CODES STARTING WITH 72

#### SEE LINK WITH MATERIALS AS WELL

Codes	<u>Titles</u>
72	Accommodation and Food Services
7211	Traveler Accommodation
721110	Hotels (except Casino Hotels) and Motels
721120	Casino Hotels
721191	Bed-and-Breakfast Inns
721199	All Other Traveler Accommodation
7212	RV (Recreational Vehicle) Parks and Recreational Camps
721211	RV (Recreational Vehicle) Parks and Campgrounds
721214	Recreational and Vacation Camps (except Campgrounds)
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camps
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps

7223	Special Food Services
722310	Food Service Contractors
722320	Caterers
722330	Mobile Food Services
7224	Drinking Places (Alcoholic Beverages)
722410	Drinking Places (Alcoholic Beverages)
7225	Restaurants and Other Eating Places
722511	Full-Service Restaurants
722513	Limited-Service Restaurants
722514	Cafeterias, Grill Buffets, and Buffets

SEE LINK PROVIDED DIRECTLY or https://www.naics.com/six-digit-naics/?code=72

# PPP 2: HOW YOU DO THE ANALYSIS IF NOT IN BUSINESS A FULL YEAR IN 2019

IF NOT IN BUSINESS THE 1<sup>ST</sup> OR 2<sup>ND</sup> QUARTERS OF 2019

COMPARE 1<sup>ST</sup>, 2<sup>ND</sup>, 3<sup>RD</sup> & 4<sup>TH</sup> QUARTERS 2020 TO 3<sup>RD</sup> & 4<sup>TH</sup> QUARTER 2019

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2020 QUARTER TO 3<sup>RD</sup> & 4<sup>TH</sup> 2019 QUARTERS

IF NOT IN BUSINESS THE 1<sup>ST</sup>, 2<sup>ND</sup> OR 3<sup>RD</sup> QUARTERS OF 2019

COMPARE 1<sup>ST</sup>, 2<sup>ND</sup>, 3<sup>RD</sup> & 4<sup>TH</sup> QUARTERS 2020 TO 4<sup>TH</sup> QUARTER 2019

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2020 QUARTER TO 4<sup>TH</sup> 2019 QUARTERS

IF NOT IN BUSINESS IN 2019, BUT IN BUSINESS ON FEBRUARY 15, 2020

COMPARE 1<sup>ST</sup>, 2<sup>ND &</sup> 3<sup>RD</sup> QUARTERS 2020 TO 1<sup>ST</sup> QUARTER 2020

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2<sup>ND</sup>, 3<sup>RD</sup> OR 4<sup>TH</sup> 2020 QUARTERS TO 1<sup>ST</sup> QUARTER 2020

\_\_ Your PPP 1.0 application, loan document or at least the loan amount

If you are confident your PPP 1.0 amount was correct, you don't need the following related to 2019

\_\_ 2019 Schedule C

\_\_ 2020 Profit & Loss for your Schedule C or F

(Unless you already prepared Schedule C or F, then have that)

See the last page of this pdf for a sample profit & loss as a guide (very general guide)

If you have QuickBooks, Quicken or other software, print out the income & expenses (P&L) for 2020

You need to know what you expect your net income to be for 2020

\_\_ I will be addressing the issue of tax deductions reducing your net income on Schedule C or F, which reduces PPP

You can use your 2019 Schedule C as a guide,
but I will help you try to solve the following to deduct
Taking the home office deduction (Line 30 of Schedule C)
Taking mileage or vehicle expenses (Line 9 of Schedule C)
Depreciating, expensing assets bought in 2020, if any (Line 13 of Schedule C)
Others to discuss. Just a heads up. Be aware if you do these already

#### What is **NOT** gross income:

Loan proceeds

PPP 1.0 proceeds

Money you put in the company

Wages you received, if you have a W-2 job

Unemployment you received

Income that is NOT related to the business

If you received a grant from a state, local or otherwise, you will need to review if that grant has been deemed gross income, which should have been clearly communicated. With every grant being different, I would not know

\_\_ Gross Income by Quarter for 2019 and 2020
You must know your gross income for each quarter

Many will find this amount from their Profit & Loss Statement (Income Statement or P&L)

If you don't have that available, you will need to extract from you bank statements your gross receipts (business income)

If you were not in business any of the quarters, bring what you have available

It is true gross receipts, with no reductions other than "returns & allowances"

- This is the gross income of the business, and the method to be used is on a *calendar basis* and *cash basis* of accounting; which you count the gross income when you collected it. To be clear you need the following quarters gross income.
  - o If you already know the quarter where your gross receipts has declined, then just have the information for it
    - 1st quarter **2019 AND 2020** (January March)
    - 2<sup>nd</sup> quarter **2019 AND 2020** (April June)
    - 3<sup>rd</sup> quarter **2019 AND 2020** (July September)
    - 4<sup>th</sup> quarter **2019 AND 2020** (October December)

#### SCHEDULE C OMB No. 1545-0074 **Profit or Loss From Business** (Form 1040 or 1040-SR) (Sole Proprietorship) 2019 ► Go to www.irs.gov/ScheduleC for instructions and the latest information. Department of the Treasury Attachment Internal Revenue Service (99) Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09 Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see instructions) B Enter code from instructions D Employer ID number (EIN) (see instr. Business name. If no separate business name, leave blank. Business address (including suite or room no.) City, town or post office, state, and ZIP code Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶ Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses If "Yes," did you or will you file required Forms 1099? . Part I Income Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . . . . . . . . . Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 7 Gross income. Add lines 5 and 6 . Part II Expenses. Enter expenses for business use of your home only on line 30. 18 Office expense (see instructions) 8 Advertising . . . . . 19 Pension and profit-sharing plans 9 Car and truck expenses (see 20 Rent or lease (see instructions): instructions). . . . . Commissions and fees . 10 a Vehicles, machinery, and equipment 20a Contract labor (see instructions) 11 b Other business property . . . 12 Depletion . . . . . 21 Repairs and maintenance . . . 13 Depreciation and section 179 22 Supplies (not included in Part III) 22 expense deduction (not 23 Taxes and licenses . . . . . included in Part III) (see instructions) . . . . . 24 Travel and meals: a Travel . . . . . . . . . 14 Employee benefit programs b Deductible meals (see (other than on line 19). Insurance (other than health) instructions) . . . . . . . Interest (see instructions): 25 Utilities . . . . . . . . . Mortgage (paid to banks, etc.) 26 Wages (less employment credits) . **b** Other . . . . . . 16b 27a Other expenses (from line 48) . . . 17 Legal and professional services 17 b Reserved for future use . . . 28 Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . . . . . . ▶ 30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: . Use the Simplified and (b) the part of your home used for business: Method Worksheet in the instructions to figure the amount to enter on line 30 31 Net profit or (loss). Subtract line 30 from line 29. . If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and

#### SCHEDULE F (Form 1040 or 1040-SR)

#### **Profit or Loss From Farming**

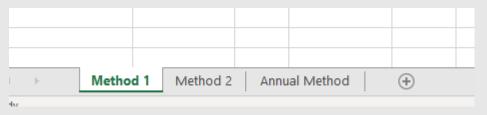
OMB No. 1545-0074 Attachment

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065. Department of the Treasury Sequence No. 14 ► Go to www.irs.gov/ScheduleF for instructions and the latest information. Internal Revenue Service (99) Name of proprietor Social security number (SSN) A Principal crop or activity B Enter code from Part IV C Accounting method: D Employer ID number (EIN) (see instr.) Cash Accrual E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses 🗌 Yes 🔝 No Part Farm Income—Cash Method Complete Parts Land II (Accrual method Complete Parts II and III and Part Line 9) 1a Sales of livestock and other resale items (see instructions) . . . . . . . . . . . . **b** Cost or other basis of livestock or other items reported on line 1a . . . . . . . . 3a Cooperative distributions (Form(s) 1099-PATR) . 3b Taxable amount Agricultural program payments (see instructions) . 4a 4b Taxable amount Commodity Credit Corporation (CCC) loans reported under election . . . CCC loans forfeited . . . . . . . . . . . . . . . 5b Crop insurance proceeds and federal crop disaster payments (see instructions): Amount received in 2019 . . . . . . . 6a 6b Taxable amount If election to defer to 2020 is attached, check here . . . . . . . . . . . . . . . . 6d Amount deferred from 2018 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . . . Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions . . . . . . . . . . . . . Part | Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses. See instructions. Pension and profit-sharing plans. Car and truck expenses (see instructions). Also attach Form 4562 Rent or lease (see instructions): Chemicals . . . . . . . . . . 11 a Vehicles, machinery, equipment . . 24a 24b Conservation expenses (see instructions) 12 b Other (land, animals, etc.) . . Custom hire (machine work) . . . Repairs and maintenance . . . Seeds and plants . . . . . Depreciation and section 179 expense (see instructions) . . . . . . Storage and warehousing 27 Employee benefit programs other than on line 23 . . . . . . . . . Taxes 16 30 Fertilizers and lime . . . . . Veterinary, breeding, and medicine . 31 Freight and trucking . . . . . Other expenses (specify): Gasoline, fuel, and oil . . . 32a 32b Insurance (other than health) 32c Interest (see instructions): 32d Mortgage (paid to banks, etc.) . . 32e Other . . . . . . . . . . . . 21b 32f 22 Labor hired (less employment credits) Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions 33 34 Net farm profit or (loss). Subtract line 33 from line 9 If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

# LET'S START BY SEEING IF YOU QUALIFY WITH THE 25% REDUCTION IN GROSS RECEIPTS TEST

OPEN EXCEL SPREADSHEET CALLED "PPP 2 GROSS RECEIPTS ANALYSIS"

THE EXCEL SPREADSHEET HAS THREE (3) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS BELOW TO SELECT METHOD



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)
YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB
IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

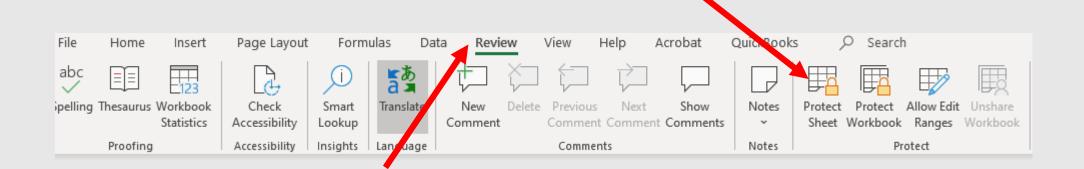
CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

1/9/2021

## LET'S CALCULATE THE PPP 2.0 LOAN AMOUNT



## PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS 2020 QUARTER COMPARED TO SAME 2019 QUARTER

STEP 1
IF EASIER TO START WITH
MONTHLY

OBTAIN MONTHLY GROSS SALES FOR 2019 AND 2020

	2019	2020
January	11,000	12,000
February	10,000	11,000
March	9,000	5,000
April	15,000	2,000
May	12,000	5,000
June	6,000	9,000
July	20,000	16,000
August	14,000	18,000
September	13,000	14,000
October	10,000	15,000
November	5,000	16,000
December	19,000	14,000
Total	144,000	137,000

Reduction in Gross Sales Analysis & Calculation

PROVIDED
WITH EXCEL
FILE PROVIDED
LABELED
"PPP 2 GROSS
RECEIPTS
ANALYSIS"

## PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS 2020 QUARTER COMPARED TO SAME 2019 QUARTER

THE RELOW ARE CALCULATIONS FROM

STEP 2

DETERMINE QUARTERLY GROSS RECEIPTS FOR 2019 AND 2020

THE BELOW ARE CALCULATIONS FROM								
AMOUNTS ABOVE. ONLY ENTER AMOUNTS ABOVE								
	2019		2020					
Quarter 1	30,000		28,000					
Quarter 2	33,000		16,000					
Quarter 3	47,000		48,000					
Quarter 4	34,000		45,000					
Total	144,000		137,000					

PROVIDED
WITH EXCEL
FILE PROVIDED
LABELED
"PPP 2 GROSS
SALES
RECEIPTS"

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

2020 QUARTER COMPARED TO SAME 2019 QUARTER METHOD 1\*

STEP 3 (METHOD 1)\*

DETERMINE IF ONE QUARTER IS AT LEAST 25% LESS IN GROSS RECEIPTS FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS RECEIPTS ANALYSIS"

THE BELOW AR	E CALCULATIONS FR	ROM		
AMOUNTS ABO	VE. ONLY ENTER AM	IOUNTS ABOVE		
				Percentage
	2019	2020	Difference	Difference
Quarter 1	30,000	28,000	(2,000)	-6.67%
Quarter 2	33,000	16,000	(17,000)	AT LEAST -51.52%
Quarter 2	55,000	10,000	(17,000)	25%
Quarter 3	47,000	48,000	1,000	2.13%
Quarter 4	34,000	45,000	11,000	32.35%
Total	144,000	137,000		

#### METHOD 1 TAB IN EXCEL SHEET

\*METHOD'S DON'T CHANGE RESULTS. ONE IS NOT BETTER THAN THE OTHER.
THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

2020 QUARTER COMPARED TO SAME 2019 QUARTER METHOD 2\*

STEP 3 (METHOD 2)\*

DETERMINE IF ONE QUARTER IS AT LEAST 25% LESS IN GROSS RECEIPTS FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS RECEIPTS ANALYSIS"

THE BELOW A	ARE CALCULATION	ONS FROM								
AMOUNTS ABOVE. ONLY ENTER AMOUNTS ABOVE										
	2019	2020		75% of 2019						
Quarter 1	30,000	28,000		22,500						
Quarter 2	33,000	16,000	2020 LESS THAN	24,750						
			2019							
Quarter 3	47,000	48,000		35,250						
Quarter 4	34,000	45,000		25,500						
Total	144,000	137,000								

IF 2020 IS

MORE THAN

THE 75%

COLUMN, IT

IS NOT

DOWN AT

LEAST 25%.

IF 2020 IS
LESS THAN
THE 75%
COLUMN, IT
IS DOWN AT
LEAST 25%

#### METHOD 2 TAB IN EXCEL SHEET

\*METHOD'S DON'T CHANGE RESULTS. ONE IS NOT BETTER THAN THE OTHER. THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

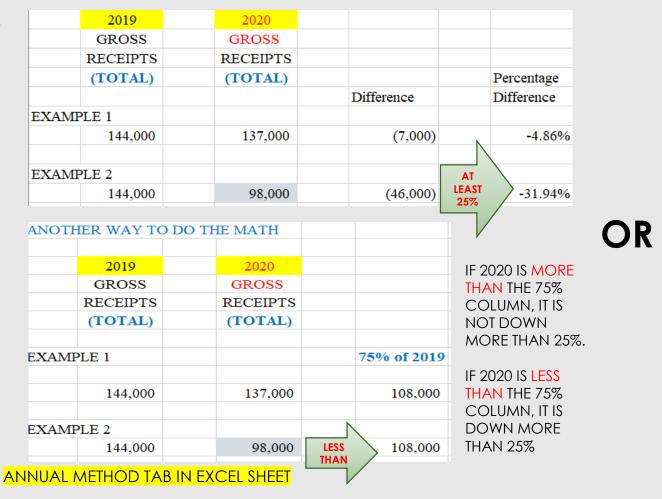
2020 ANNUAL COMPARED TO 2019 ANNUAL

**ANNUAL** METHOD

STEP 3 (ANNUAL METHOD)\*

DETERMINE IF 2020 IS MORE THAN 25% LESS IN GROSS SALES FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS SALES ANALYSIS"



\*THIS IS TO SIMPLY THE APPLICATION PROCESS. IF YOU DON'T QUALIFY FOR THE ANNUAL METHOD, YOU MAY UNDER THE QUARTERLY METHODS.

THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

1/9/2021

## "PAYROLL COSTS" PPP LOAN 2.0

SCHEDULE C & F: SELF - EMPLOYED

#### GROSS PAYROLL FOR THE SELF-EMPLOYED GETS TRICKY HERE

THE SBA CALLS IT PAYROLL COSTS FOR EVERYTHING (FOR PURPOSES OF PPP 2.)

BUT FOR THE SELF-EMPLOYED THIS IS ONLY THE NET INCOME OF THE SELF-EMPLOYED THERE IS NO SUCH THING, IN REALITY, AS PAYROLL FOR THE SELF-EMPLOYED PERSON

IF YOU HAVE AN EMPLOYEE YOU PAY W-2 WAGES TO
YES THAT GETS INCLUDED
THAT IS BEYOND THE SCOPE OF THIS SEMINAR (AS DESCRIBED)

SCHEDULE C, LINE 31 (ONLY)

SHCHEDULE F, LINE 34 (ONLY)

### CALCULATING PPP LOAN 2.0 AMOUNT

## SCHEDULE C LINE 31 SCHEDULE F LINE 34

2019 SCHEDULE C, LINE 31
DIVIDED BY 12 MULTIPLIED BY 2.5

**OR** 

2020 SCHEDULE C, LINE 34
DIVIDED BY 12 MULTIPLIED BY 2.5

AT YOUR OPTION, YOU CAN CHOOSE THE HIGHER OF THE ABOVE

**SPECIAL NOTE:** 

3.5 IS THE FACTOR USED FOR ENTITIES STARTING WITH 72 NAICS CODE

## LET'S CALCULATE THE PPP 2.0 LOAN AMOUNT

OPEN EXCEL SPREADSHEET CALLED "PPP 2 SELF EMPLOYED LOAN CALCULATION"

NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)

YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB

IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

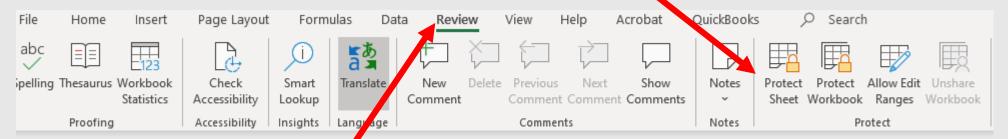
#### THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

#### **EXAMPLE PURPOSES ONLY.**



# CALCULATING PPP LOAN 2.0 AMOUNT SELF-EMPLOYED

#### PPP 2.0 LOAN CALCULATION SELF EMPLOYED

	2019	2020		
SCHEDULE C, LINE 31	98,000	67,000	(a)	
Average Monthly (Divided by 12 )	8,167	5,583	(b)	This is (a ) DIVIDED by 12
PPP 2.0 Loan Amount (Average Payroll * 2.5)	20,417	13,958		This is (b) MULTIPLIED by 2

**HIGHER OF 2019 OR 2020** 

If your NAICS number starts with 72, your factor is 3.5 and you would need to update the formula

## COMPLETE FORM 2483-SD

## FROM OUR EXCEL WORKSHEET 2020 QUARTER COMPARED TO SAME 2019 QUARTER

	2010	2000	7.00	Percentage
	2019	2020	Difference	Difference
Quarter 1	30,000	28,000	(2,000)	-6.67%
Quarter 2	33,000	16,000	(17,000)	AT LEAST 25% -51.52%

#### Paycheck Protection Program Second Draw Borrower Application Form

OMB Control No.: 3245-0417 Expiration Date: 7/31/2021

No. of Lot of Lo	Second Draw Borrower Application Form Expiration Date: 7/31/2021							2021
Ind   501   502	Check One: Sole Proprietor Partnership C-Corp S-Corp LLC Independent Contractor Self-Employed Individual 501(c)(3) nonprofit 501(c)(6) organization 501(c)(19) veterans organization Housing cooperative Tribal Business Other				Tradename (if pplicable)	Year	of Establishm applicable)	ent (if
	Business Legal				NA	ICS Code		
Business Address (S	Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)				Business TIN (EIN, SSN) Business P			:
				Prim	ary Contact	E	Email Address	
Average Monthly Payroll:						Number of Employees (including affiliates, if applicable; may not exceed 300):		
Purpose of the loan (select all that apply):	Payroll Cost	Rent / Mo	ortgage Interest	□ C	tilities  overed Worker oction Expenditure	Expen	overed Operation ditures ther (explain):	
PPP First Draw SBA Loan Number:					•			
25% (Applicants for less may leave blank)	Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness Gross Receipts: \$ 16				Reference Qua (e.g., 2Q 2019) Gross Receipts	:	33,0	00
Annlicant Ownershin HIGHER OF 2019 OR 2020								
Average Mont	Average Monthly (Divided by 12 )				8,1	.67		5,583
PPP 2.0 Loan A	PPP 2.0 Loan Amount (Average Payroll * 2.5)				20,4	17		13,958

FROM OUR EXCEL WORKSHEET

**PPP 2.0 LOAN CALCULATION** 

2019

1/9/2021



#### **RELATED TO PPP 1.0 LOAN & FORGIVENESS**

NEW FORM 2483 APPLICATION TO RE-APPLY FOR PPP 1.0

SBA's TOP LINE OVERVIEW FOR PPP 1.0 FOR RE-APPLY

PPP 1.0 FORGIVENESS CALCULATIONS (IN EXCEL)

SBA FAQs REFERENCED ON PPP FORGIVENESS

PPP 1 SBA AMENDED GUIDELINES - BRAND NEW 1/7/21

PPP FORGIVENESS FORMS (SCROLL ON PAGE TO FIND)

NEW IRS REVENUE RULING 2021-02 1/6/21

## PPP FORGIVENESS APPLICATION

AS OF THE DATE/TIME OF THIS SEMINAR, THE PPP LOAN FORGIVENESS FORMS AVAILABLE ARE

FORM 3508

FORM 3508-EZ

FORM 3508-S

YOU HAVE BEEN PROVIDED A LINK THAT STATES ON THE BUTTON/TAB "PPP FORGIVENESS FORMS (SCROLL ON PAGE TO FIND)

THIS IS TO THE PPP PAGE ON THE SBA WEBSITE

WHEN ANYTHING IS RELEASED RELATED TO PPP, THIS PAGE WILL HAVE IT

MARK THAT PAGE OF THE SBA WEBSITE AS A FAVORITE

## SIMPLIFIED PPP FORGIVENESS APPLICATION

### FOR PPP LOANS NOT MORE THAN \$150,000

THE BORROWER SIGNS & SUBMITS TO THE LENDER AN SBA CERTIFICATION (NOT APPLICATION)

#### **CURRENTLY NOT AVAILABLE**

THE SBA HAS 24 DAYS FROM DECEMBER 27<sup>TH</sup> (OR JANUARY 20<sup>TH</sup>) TO MAKE THAT AVAILABLE I WOULD EXPECT IT TO BE AN UPDATED FORM 3508-S

#### PROVIDE THE FOLLOWING

RETAIN RECORDS 4 YEARS & OTHER RECORDS 3 YEARS
NUMBER OF EMPLOYEES THE EMPLOYER WAS ABLE TO RETAIN
ESTIMATED AMOUNT SPENT ON PAYROLL COSTS
TOTAL PPP LOAN AMOUNT
ATTESTS IT'S ACCURATE

NOT REQUIRED TO PROVIDE DOCUMENTATION
HOWEVER, IF BANK NEEDS THE DOCUMENTATION TO SATISFY LAW, MUST PROVIDE

## PAYROLL COSTS – THE CHECKLIST JJ PROVIDED

\_\_ PPP 1.0 Application you submitted to the bank, and the loan documents your received from the bank

This would be the paperwork you completed and received at the time you received the PPP 1.0 loan

You want to find the SBA PPP Loan Number and the Banks PPP Loan Number

- \_\_ Know the date of disbursement which should be on the PPP 1.0 loan documents Or the date the PPP loan 1.0 was deposited into your account
- \_\_ 2019 Schedule C (or Schedule F) as filed with the IRS

  This is filed with your individual tax return as a supplemental schedule of Form 1040

## PAYROLL COSTS – THE CHECKLIST JJ PROVIDED

\_\_ Determine if you have an EIN for your Schedule C or F (and have the EIN available if so)

On Schedule C, look at the upper right area, box D (if blank, know that too) On Schedule F, look at the upper right area, box D (if blank, know that too) If you have more than one PPP loan, then have both Schedule C's or F's Have the same information available on both

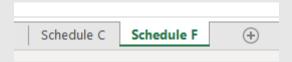
\_\_ If you were NOT in business in 2019

Then have the profit & loss statement you provided to the bank when you applied for PPP 1.0 If you were in business in 2019, for any length of time, still obtain your Schedule C or F

## LET'S CALCULATE WITH PPP 1.0 FORGIVENESS

OPEN EXCEL SPREADSHEET CALLED "PPP 1 FORGIVENESS CALCULATIONS"

THE EXCEL SPREADSHEET HAS FIVE (5) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)

YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB

IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

1/9/2021

As of October 13, 2020

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

<u>LLC owners</u>: LLC owners must follow the instructions that apply to how their business was organized for tax filing purposes for tax year 2019, or if a new business, the expected tax filing situation for 2020.

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

Self-employed Schedule C (or Schedule F) filers: The compensation of self-employed Schedule C (or Schedule F) individuals, including sole proprietors, self-employed individuals, and independent contractors, that is eligible for loan forgiveness is limited to 2.5/12 of 2019 net profit as reported on IRS Form 1040 Schedule C line 31 (or 2.5/12 of 2019 net farm profit, as reported on IRS Form 1040 Schedule F line 34) (or for new businesses, the estimated 2020 Schedule C (or Schedule F) referenced in question 10 of "Paycheck Protection Program: How to Calculate Maximum Loan Amounts – By Business Type"<sup>4</sup>). Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness; health insurance and retirement expenses are paid out of their net self-employment income. If the borrower did not submit its 2019 IRS Form 1040 Schedule C (or F) to the Lender when the borrower initially applied for the loan, it must be included with the borrower's forgiveness application.

#### SCHEDULE C OMB No. 1545-0074 **Profit or Loss From Business** (Form 1040 or 1040-SR) (Sole Proprietorship) 2019 ► Go to www.irs.gov/ScheduleC for instructions and the latest information. Department of the Treasury Attachment Internal Revenue Service (99) Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09 Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see instructions) B Enter code from instructions D Employer ID number (EIN) (see instr. Business name. If no separate business name, leave blank. Business address (including suite or room no.) City, town or post office, state, and ZIP code Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶ Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses If "Yes," did you or will you file required Forms 1099? . Part I Income Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . . . . . . . . . Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 7 Gross income. Add lines 5 and 6 . Part II Expenses. Enter expenses for business use of your home only on line 30. 18 Office expense (see instructions) 8 Advertising . . . . . 19 Pension and profit-sharing plans 9 Car and truck expenses (see 20 Rent or lease (see instructions): instructions). . . . . Commissions and fees . 10 a Vehicles, machinery, and equipment 20a Contract labor (see instructions) 11 b Other business property . . . 12 Depletion . . . . . 21 Repairs and maintenance . . . 13 Depreciation and section 179 22 Supplies (not included in Part III) 22 expense deduction (not 23 Taxes and licenses . . . . . included in Part III) (see instructions) . . . . . 24 Travel and meals: a Travel . . . . . . . . . 14 Employee benefit programs b Deductible meals (see (other than on line 19). Insurance (other than health) instructions) . . . . . . . Interest (see instructions): 25 Utilities . . . . . . . . . Mortgage (paid to banks, etc.) 26 Wages (less employment credits) . **b** Other . . . . . . 16b 27a Other expenses (from line 48) . . . 17 Legal and professional services 17 b Reserved for future use . . . 28 Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . . . . . . ▶ 30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: . Use the Simplified and (b) the part of your home used for business: Method Worksheet in the instructions to figure the amount to enter on line 30 31 Net profit or (loss). Subtract line 30 from line 29. . If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and

PPP 1.0 LOAN FORGIVENESS CALCUL	ATION					
Schedule C						
Assumes 24 Week Covered Period Option						
2019 Schedule C Line 31		86,500				
Divided by 12		7,208				
Multiplied by 2.5		18,021	(1)			
PPP Loan Amount		15,000	(2)			
Forgiveness the Lesser of (1) or (2)		15,000				

#### SCHEDULE F (Form 1040 or 1040-SR)

#### **Profit or Loss From Farming**

OMB No. 1545-0074 Attachment

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065. Department of the Treasury Sequence No. 14 ► Go to www.irs.gov/ScheduleF for instructions and the latest information. Internal Revenue Service (99) Name of proprietor Social security number (SSN) A Principal crop or activity B Enter code from Part IV C Accounting method: D Employer ID number (EIN) (see instr.) Cash Accrual E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses 🗌 Yes 🔝 No Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.) 1a Sales of livestock and other resale items (see instructions) . . . . . . . . . . . . Cost or other basis of livestock or other items reported on line 1a . . . . . . . . . Sales of livestock, produce, grains, and other products you raised . . . . . . . . . . . . . . . . . Cooperative distributions (Form(s) 1099-PATR) . 3a 3b Taxable amount Agricultural program payments (see instructions) . 4a 4b Taxable amount CCC loans forfeited . . . . . . . . . . . . . . . . 5b Crop insurance proceeds and federal crop disaster payments (see instructions): Amount received in 2019 . . . . . . . 6a 6b Taxable amount . . . If election to defer to 2020 is attached, check here . . . . . . . . . . . . 6d Amount deferred from 2018 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . . . Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions . . . . . . . . . . . . . Part | Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses. See instructions. Pension and profit-sharing plans. Car and truck expenses (see instructions). Also attach Form 4562 Rent or lease (see instructions): Chemicals . . . . . . . . . . 11 a Vehicles, machinery, equipment . . 24a Conservation expenses (see instructions) 12 b Other (land, animals, etc.) . . 24b Custom hire (machine work) . . . Repairs and maintenance . . . . Seeds and plants . . . . . . Depreciation and section 179 expense (see instructions) . . . . . . Storage and warehousing Employee benefit programs other than on line 23 . . . . . . . . . 16 30 Fertilizers and lime . . . . . Veterinary, breeding, and medicine . Freight and trucking . . . . . Other expenses (specify): Gasoline, fuel, and oil . . . . . 32a 32b Insurance (other than health) . . 32c Interest (see instructions): 32d Mortgage (paid to banks, etc.) . . 32e Other . . . . . . . . . . 21b 32f 22 Labor hired (less employment credits) Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions 33 Net farm profit or (loss). Subtract line 33 from line 9 If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

TION						
Schedule F						
	86,500					
	7,208					
	18,021	(1)				
	15,000	(2)				
<u> </u>	15,000					
	TION O	86,500 7,208 18,021				

THERE WILL BE AN UPDATE FOR SURE WITH THE FORGIVENESS FORM FOR PPP 1.0

IT IS NOT AVAILABLE AS OF THE DATE OF THIS SEMINAR



### Paycheck Protection Program PPP Loan Forgiveness Application Form 3508S

A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$50,000 OR LESS. A Borrower that, together with its affiliates, received PPP loans totaling \$2 million or greater cannot use this form.

Business Legal Name ("Borrower")		DBA or Tradename, if applicable				
Business Address		Business TIN (EIN, SSN)	Business Phone			
			( ) -			
		Primary Contact	E-mail Address			
SBA PPP Loan Number:	Lender P	PP Loan Number:				
PPP Loan Amount:	PPP Loan	Disbursement Date:				
Employees at Time of Loan Application:	Employee	loyees at Time of Forgiveness Application:				
EIDL Advance Amount:	plication Number:					
Forgiveness Amount: \$15,000						

THIS IS FORM 3508-S, WHICH IS THE EXISTING FORM AS THE DATE OF THIS SEMINAR, AND THIS IS WHAT IS USED FOR THE SELF-EMPLOYED

THIS IS TO SHOW THAT YOU PUT THE FORGIVENESS AMOUNT

THE NEW FORM WILL HAVE THAT SAME CONCEPT

OMB Control No. 3245-0407

Expiration date: 12/31/2023

Coronavirus Response Act

SICK LEAVE

PAYROLL TAX CREDITS

# RELATED TO SICK LEAVE & FAMILY LEAVE TAX CREDITS SICK & FAMILY LEAVE TAX CREDIT IN EXCEL Form 7202: SELF-EMPLOYED TAX CREDIT CLAIMED **INSTRUCTIONS TO FORM 7202** IRS INFORMATION ON SELF-EMPLOYED TAX CREDITS IRS NOTICE 2020-54 ON THESE TAX CREDITS

# SICK LEAVE TAX CREDITS (1 of 2)

- PRIOR I AW
  - EMPLOYEE & SELF-EMPLOYED WITH COVID AND/OR UNDER QUARANTINE
    - 100% OF NET DAILY EARNINGS
      - NOT TO EXCEED \$511 PER DAY (\$5,110)
      - MAX 10 DAYS
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - ENDS DECEMBER 31, 2020
    - REFUNDABLE

- THE STIMULUS SIGNED INTO LAW
  - EMPLOYEE & SELF-EMPLOYED WITH COVID AND/OR UNDER QUARANTINE
    - 100% OF NET DAILY EARNINGS
      - NOT TO EXCEED \$511 PER DAY (\$5,110)
      - MAX 10 DAYS
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040.
    - ENDS NOW MARCH 31, 2021
    - REFUNDABLE

# SICK LEAVE TAX CREDITS (2 of 2)

- PRIOR LAW
  - EMPLOYEE & SELF-EMPLOYED CARING FOR HOUSEHOLD FAMILY MEMBER WITH COVID AND/OR UNDER QUARANTINE
    - 100% OF NET SELF-EMPLOYED DAILY EARNINGS
      - NOT TO EXCEED \$200 PER DAY
      - MAX 10 DAYS (\$2,000)
    - THE ALLOWABLE AMOUNT REDUCE TO 67%
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - ENDS DECEMBER 31, 2020
    - REFUNDABLE

- THE STIMULUS SIGNED INTO LAW
  - EMPLOYEE & SELF-EMPLOYED CARING FOR HOUSEHOLD FAMILY MEMBER WITH COVID AND/OR UNDER QUARANTINE
    - 100% OF NET SELF-EMPLOYED DAILY EARNINGS
      - NOT TO EXCEED \$200 PER DAY
      - MAX 10 DAYS (\$2,000)
    - THE ALLOWABLE AMOUNT REDUCE TO 67%
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - ENDS NOW MARCH 31, 2021
    - REFUNDABLE

### 2020



### **Instructions for Form 7202**

Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals

# General Instructions Purpose of Form 7202

These instructions give you some background information about Form 7202. They tell you who may file Form 7202. For the latest information about coronavirus (COVID-19) tax relief, go to <a href="https://linear.com/res

The Families First Coronavirus Response Act (FFCRA), enacted on March 18, 2020, is intended to help the United States combat coronavirus by requiring certain businesses to provide paid leave to workers who are unable to work or telework due to circumstances related to the coronavirus, and it offsets the costs of providing the leave with refundable tax credits against employment tax. The FFCRA extends equivalent credits to self-employed individuals.

Self-employed individuals should use Form 7202 to figure the amount to claim for qualified sick and family leave equivalent credits under the FFCRA on their 2020 tax return. These credits are available to eligible self-employed individuals if they were unable to work or telework or had to care for family members for reasons related to the coronavirus and are refundable.

These credits are equivalent to the amount of qualified sick leave wages or qualified family leave wages the self-employed individual would be entitled to receive under the Emergency Paid Sick Leave Act or the Emergency Family and Medical Leave Expansion Act, two separate provisions of the FFCRA, if the individual were an employee of an employer (other than himself or herself).

You attach Form 7202 to your tax return.

#### Who May File Form 7202?

Eligible self-employed individuals are entitled to claim qualified sick and family leave equivalent credits. To be an eligible self-employed person, you must be:

- Conducting a trade or business within the meaning of section 1402, and
- Eligible to receive qualified sick leave wages under the Emergency Paid Sick Leave Act if you were an employee of an employer (other than yourself), and/or
- Éligible to receive qualified family leave wages under the Emergency Family and Medical Leave Expansion Act if you were an employee of an employer (other than yourself).

You must maintain appropriate documentation to show that you are a qualified self-employed individual.

#### Line 1

Enter the number of days in the period from April 1, 2020, through December 31, 2020, that you were unable to perform services as a self-employed individual because of one or more of the following reasons.

- You were subject to a federal, state, or local quarantine or isolation order related to COVID-19.
- You were advised by a health care provider to self-quarantine due to concerns related to COVID-19.
- You were experiencing symptoms of COVID-19 and seeking a medical diagnosis.

#### Line 2

Enter the number of days in the period from April 1, 2020, through December 31, 2020, that you were unable to perform services as a self-employed individual because of one or more of the following reasons.

- You were caring for an individual who was subject to a federal, state, or local quarantine or isolation order related to COVID-19
- You were caring for an individual who was advised by a health care provider to self-quarantine due to concerns related to COVID-19.
- You were caring for a son or daughter because the school or place of care for that child was closed or the childcare provider for that child was unavailable due to COVID-19 precautions.

The number of days taken into account for determining the qualified sick leave equivalent amount can't exceed 10 days in any tax year.

#### Line 3

If you attach Form 7202 to a tax return for a fiscal year ending in 2020, you will have to reduce (but not below zero) the number of days allowed on line 3 by the number of days you included on lines 4 and 6 of your 2020 Form 7202.

If you file a fiscal year return, you would enter the lesser of 10 or the number of days in your fiscal year that cover April 1 through April 10. For example, if your fiscal year ends on April 5, then you would enter "5" on line 3.

#### Line 7

Enter your net earnings from self-employment. This is the gross income derived by an individual from any trade or business you engage in, less the deductions you are allowed related to that trade or business. This generally means a business or profession you operated as a sole proprietor. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. If you file Schedule C (Form 1040), Profit or Loss From Business, you can find your earnings from self-employment on line 31.

#### Line 15

Enter the amount of qualified sick leave wages subject to the \$511 per-day limit you received from an employer. If you received wages as an employee in addition to your self-employment income, and received qualified sick leave wages from your employer (sick leave received because of the reasons described in the instructions for line 1 earlier), your Form(s) W-2 should show the qualified sick leave wages subject to the \$511 per-day limit. This amount will either be reported separately in box 14 of your Form(s) W-2 or on a separate attached statement. See Notice 2020-54 (IRS.gov/pub/irs-drop/n-20-54.pdf) for more information on the W-2 reporting of qualified sick leave wages.

#### Line 16

Enter the amount of qualified sick leave wages subject to the \$200 per-day limit you received from an employer. If you received wages as an employee in addition to your self-employment income, and received qualified sick leave wages from your employer (sick leave received because of the reasons described in the instructions for line 2 earlier), your Form(s) W-2 should show the qualified sick leave wages subject to the \$200 per-day limit. This amount will either be reported separately in box 14 of your Form(s) W-2 or on a separate attached statement. See Notice 2020-54 (IRS.gov/pub/irs-drop/n-20-54.pdf) for more information on the W-2 reporting of qualified sick leave wages.

#### Line 24

Credit for sick leave for certain self-employed individuals. Subtract line 23 from line 14. If zero or less, enter -0-. Enter here and on Schedule 3 (Form 1040), line 12b. **Note:** The draft you are looking for begins on the next page.

**Caution: DRAFT—NOT FOR FILING** 

Form **7202** Department of the Treasury Internal Revenue Service

### Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals Attach to Form 1040 or 1040-SR.

► Go to www.irs.gov/Form7202 for instructions and the latest information.

20

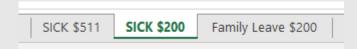
Name of person with self-employment income (as shown on Form 1040 or 1040-SR)

	sen-e	employment in	come
Dox	Credit for Sick Leave for Certain Self-Employed Individuals		
Fair	Number of days you were unable to perform services as a self-employed individual because of cert	thin I	
1	coronavirus-related care you required. See instructions		
2	Number of days you were unable to perform services as a self-employed individual because of cercoronavirus-related care you provided to another. (Do not include days you included in line 1.) instructions	tain	
3 4 5 6	If you are filing a fiscal year return, see instructions; otherwise enter 10	3 4 5 6	20
7 8 9 10	Net earnings from self-employment (see instructions) Divide line 7 by 260 (round to nearest whole number) Enter the smaller of line 8 or \$511	. 7 8 9 . 10	
12 13 14	Enter the smaller of line 11 or \$200	. 12	
15	Amount of qualified sick leave wages subject to the \$511 per day limit you received from an emplo (see instructions)	yer . 15	
16	Amount of qualified sick leave wages subject to the \$200 per day limit you received from an emplo (see instructions)		
17	Add line 13 and line 16	. 17	
18	Enter the smaller of line 17 or \$2,000		
19	Subtract line 18 from line 17	. 19	
20	Add lines 10, 15, and 18		
21	Enter the smaller of line 20 or \$5.110		
22	Subtract line 21 from line 20		
23	Add line 19 and line 22		
24	Subtract line 23 from line 14. If zero or less, enter -0 Enter here and include on Schedule 3 (Fo 1040), line 12b	orm	
Part		. 24	
25	Number of days you were unable to perform services as a self-employed individual because of cert	tolo	
23	coronavirus-related care you provided to a son or daughter. (Do not enter more than 50 days.) \$		
	instructions		
26	Net earnings from self-employment (see instructions)		
27	Divide line 26 by 260 (round to nearest whole number)		
28	Multiply line 27 by 67% (0.67)		
29	Enter the smaller of line 28 or \$200		
30	Multiply line 25 by line 29		
31	Amount of qualified family leave wages you received from an employer (see instructions)		
01	If line 31 is zero, skip to line 35 and enter the amount from line 30.	. 01	
32	Add line 30 and line 31	. 32	
33	Enter the smaller of line 32 or \$10.000		
34	Subtract line 33 from line 32		
35	Subtract line 34 from line 30. If zero or less, enter -0 Enter here and include on Schedule 3 (Fo		
	1040), line 12b		
For Pr	ivacy Act and Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 56395	K	Form <b>7202</b> (2020)

### LET'S CALCULATE SICK LEAVE TAX CREDITS

OPEN EXCEL SPREADSHEET CALLED "ERTC EXCEL WORKSHEET"

THE EXCEL SPREADSHEET HAS FOUR (4) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)
YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB
IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

1/9/2021

SICK LEAVE PAYROLL TAX CREDIT				
COVID, SYMPTOMS OF COVID, UNDER QUA	ARANT	TINE, ETC		
Max \$511/Day Pay, Max 10 Days (No Partial Da	ys)			
2020, Schedule C, Line 31 (Net Income)	\$	38,000	(a)	
Divided by 260 Days (52 weeks, 5 Days per Week)	\$	146	(b) •	(a) Divided by (b)
Max Daily Rate Allowed	\$	511	(c) •	Set Limit by Law
Enter the Lesser of (b) or (c)	\$	146	(d)	Lower of Daily Based on Net Earnings or Max \$511 Day
Number of Days Out (Max 10)		10	(e)	Days
Tax Credit Multiply (d) by (e)	\$	1,462		Line 10 of Form 7202

Part			
1	Number of days you were unable to perform services as a self-employed individual because of certain coronavirus-related care you required. See instructions	1	
2	Number of days you were unable to perform services as a self-employed individual because of certain coronavirus-related care you provided to another. (Do not include days you included in line 1.) See		
_	instructions	2	
3	If you are filing a fiscal year return, see instructions; otherwise enter 10	3 4	
5	Enter the smaller of line 1 or line 3	6	40
7	Net earnings from self-employment (see instructions)	7	
8	Divide line 7 by 260 (round to nearest whole number)	8	
9	Enter the smaller of line 8 or \$511	_9	
10	Multiply line 4 by line 9	10	1,462
11	Multiply line 8 by 67% (0.67)	11	
12	Enter the smaller of line 11 or \$200	12	
13	Multiply line 6 by line 12	13	
14	Add lines 10 and 13	14	
15	Amount of qualified sick leave wages subject to the \$511 per day limit you received from an employer		
	(see instructions)	15	
16	Amount of qualified sick leave wages subject to the \$200 per day limit you received from an employer		
	(see instructions)	16	
	If line 15 and line 16 are both zero, skip to line 24 and enter the amount from line 14.		
17	Add line 13 and line 16	17	
18	Enter the smaller of line 17 or \$2,000	18	
19	Subtract line 18 from line 17	19	
20	Add lines 10, 15, and 18	20	
21	Enter the smaller of line 20 or \$5,110	21	
22	Subtract line 21 from line 20	22	
23	Add line 19 and line 22	23	
24	Subtract line 23 from line 14. If zero or less, enter -0 Enter here and include on Schedule 3 (Form		
	1040), line 12b	24	

CARING FOR AN INDIVIDUAL WITH COVID	), SY	(MPTO	MS (	OF CO	COVID, UNDER QUARANTINE, ETC.	
Max \$200/Day Pay, Max 10 Days (No Partial Da	ıys)					
2020, Schedule C, Line 31 (Net Income)	\$	38,000	(a)			
Divided by 260 Days (52 weeks, 5 Days per Week)	\$	146	(b)		(a) Divided by (b)	
Max Daily Rate Allowed	\$	200	(c)		Set Limit by Law	
Enter the Lesser of (b) or (c)	\$	146	(d)		Lower of Daily Based on Net Earnings or Max \$20	0 Day
Multiply (d) by .67 (67%)	\$	98	(e)	•	Reduced Down Allowed Daily Amount	
Number of Days Out (Max 10)		9	(f)		Days	
Tax Credit Multiply (d) by (e)	\$	881			Line 13 of Form 7202	

_				
Part	Credit for Sick Leave for Certain Self-Employed Individuals			
1	Number of days you were unable to perform services as a self-employed individual because of certain coronavirus-related care you required. See instructions	1		
2	Number of days you were unable to perform services as a self-employed individual because of certain coronavirus-related care you provided to another. (Do not include days you included in line 1.) See			
_	instructions	2		
3	If you are filing a fiscal year return, see instructions; otherwise enter 10	4		
5	Enter the smaller of line 1 or line 3	6	40	
7	Net earnings from self-employment (see instructions)	7		
8	Divide line 7 by 260 (round to nearest whole number)	8		
9	Enter the smaller of line 8 or \$511	9		
10	Multiply line 4 by line 9	10	1,462	
11	Multiply line 8 by 67% (0.67)	11	1,402	
12	Enter the smaller of line 11 or \$200	12		
13	Multiply line 6 by line 12	13	881	4
14	Add lines 10 and 13	14	001	
15	Amount of qualified sick leave wages subject to the \$511 per day limit you received from an employer			
13	(see instructions)	15		
16	Amount of qualified sick leave wages subject to the \$200 per day limit you received from an employer			
10	(see instructions)	16		
	If line 15 and line 16 are both zero, skip to line 24 and enter the amount from line 14.			
17	Add line 13 and line 16	17		
18	Enter the smaller of line 17 or \$2,000	18		
19	Subtract line 18 from line 17	19		
20	Add lines 10, 15, and 18	20		
21	Enter the smaller of line 20 or \$5.110	21		
	Subtract line 21 from line 20	22		
22 23		23		
	Add line 19 and line 22	23		
24	Subtract line 23 from line 14. If zero or less, enter -0 Enter here and include on Schedule 3 (Form 1040), line 12b	24		

#### SCHEDULE 3 (Form 1040)

#### **Additional Credits and Payments**

OMB No. 1545-0074

2020

Department of the Treasury Internal Revenue Service ► Attach to Form 1040, 1040-SR, or 1040-NR.

► Go to www.irs.gov/Form1040 for instructions and the latest information.

Attachment Sequence No. 03

	(a) a harmonia Ferra 1010 1010 CD and 010 ND		Sequence No. U	
ame	(s) shown on Form 1040, 1040-SR, or 1040-NR	our so	cial security num	ber
Pai	Nonrefundable Credits			
1	Foreign tax credit. Attach Form 1116 if required	[	1	
2	Credit for child and dependent care expenses. Attach Form 2441	[	2	
3	Education credits from Form 8863, line 19	[	3	
4	Retirement savings contributions credit. Attach Form 8880	[	4	
5	Residential energy credits. Attach Form 5695	[	5	
6	Other credits from Form: a 3800 b 8801 c		6	
7	Add lines 1 through 6. Enter here and on Form 1040, 1040-SR, or 1040-NR, line		7	
Par	Other Payments and Refundable Credits			
8	Net premium tax credit. Attach Form 8962	[	8	
9	Amount paid with request for extension to file (see instructions)	[	9	
0	Excess social security and tier 1 RRTA tax withheld	[	10	
1	Credit for federal tax on fuels. Attach Form 4136	[	11	
2	Other payments or refundable credits:			
а	Form 2439			
b	Qualified sick and family leave credits from Schedule(s) H and Form(s) 7202			
С	Health coverage tax credit from Form 8885			
d	Other: 12d			
е	Deferral for certain Schedule H or SE filers (see instructions) . 12e			
f	Add lines 12a through 12e	]	12f	
13	Add lines 8 through 12f. Enter here and on Form 1040, 1040-SR, or 1040-NR, line	e 31	13	



### FAMILY LEAVE TAX CREDITS

#### PRIOR I AW

- EMPLOYEE & SELF-EMPLOYED UNABLE TO WORK BECAUSE OF A NEED TO CARE FOR ACHILD WHOSE SCHOOL OR PLACE OF CARE IS CLOSED OR WHOSE CHILD CARE PROVIDER IS UNAVAILABLE DUE TO CORONAVIRUS PANDEMIC
  - 100% OF NET SELF-EMPLOYED DAILY EARNINGS
    - NOT TO EXCEED \$200 PER DAY
    - MAX 50 DAYS (\$10,000)
  - THE ALLOWABLE AMOUNT REDUCE TO 67%
  - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
    - TAKEN AS TAX CREDIT ON FORM 1040
  - ENDS DECEMBER 31, 2020
  - REFUNDABLE

#### THE STIMULUS SIGNED INTO LAW

- EMPLOYEE & SELF-EMPLOYED UNABLE TO WORK BECAUSE OF A NEED TO CARE FOR ACHILD WHOSE SCHOOL OR PLACE OF CARE IS CLOSED OR WHOSE CHILD CARE PROVIDER IS UNAVAILABLE DUE TO CORONAVIRUS PANDEMIC
  - 100% OF NET SELF-EMPLOYED DAILY EARNINGS
    - NOT TO EXCEED \$200 PER DAY
    - MAX 50 DAYS (\$2,000)
  - THE ALLOWABLE AMOUNT REDUCE TO 67%
  - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
    - TAKEN AS TAX CREDIT ON FORM 1040
  - ENDS NOW MARCH 31, 2021
  - REFUNDABLE

EMPLOYEE UNABLE TO WOR	K BECAUS	SE OF A	NEED TO CARE FOR	A CHILD SE	E GUIDELINES	PRESENTED
Max \$200/Day Pay, Max 50 Days, Max 5	\$10,000 (Pa	rtial Da	ys Allowed)			
	•					
2020, Schedule C, Line 31 (Net Income)	\$ 38,000	(a)				
Divided by 260 Days (52 weeks, 5 Days per	\$ 146	(b)	(a) Divided by (b)			
Max Daily Rate Allowed	\$ 200	(c)	Set Limit by Law			
Enter the Lesser of (b) or (c)	\$ 146	(d)	Lower of Daily Based	on Net Earnings o	r Max \$200 Day	
Multiply (d) by .67 (67%)	\$ 98	(e )	Reduced Down Allow	red Daily Amount		
Number of Days Out (Max 50)	36	(f)	Days			
Tax Credit Multiply (d) by (e)	\$ 3,525		Line 30 of Form 7202			

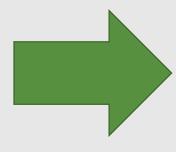
Part	Credit for Family Leave for Certain Self-Employed Individuals		
25	Number of days you were unable to perform services as a self-employed individual because of certain coronavirus-related care you provided to a son or daughter. (Do not enter more than 50 days.) See instructions	25	
26	Net earnings from self-employment (see instructions)	26	
27	Divide line 26 by 260 (round to nearest whole number)	27	
28	Multiply line 27 by 67% (0.67)	28	
29	Enter the smaller of line 28 or \$200	29	
30	Multiply line 25 by line 29	30	3,525
31	Amount of qualified family leave wages you received from an employer (see instructions)	31	
	If line 31 is zero, skip to line 35 and enter the amount from line 30.		
32	Add line 30 and line 31	32	
33	Enter the smaller of line 32 or \$10,000	33	
34	Subtract line 33 from line 32	34	
35	Subtract line 34 from line 30. If zero or less, enter -0 Enter here and include on Schedule 3 (Form		
	1040), line 12b	35	



# EIDL (ECONOMIC INJURY DISASTER LOAN)

- PRIOR I AW
  - AVAILABLE AT www.SBA.gov
  - NO LONGER INCLUDED EIDL GRANT WHEN APPLYING
  - NOT-FORGIVABLE
  - REQUIRED USE IS FOR ON-GOING OPERATING EXPENSES
  - ONE EIDL (LOAN) PER BUSINESS

- THE STIMULUS SIGNED INTO LAW
  - STILL AVAILABLE AT www.SBA.gov
  - POSSIBLY INCLUDES EIDL GRANT WHEN APPLYING (UNKNOWN RIGHT NOW)
  - STILL NOT-FORGIVABLE
  - STILL FOR REQUIRED USE OF ON-GOING OPERATING EXPENSES
  - STILL ONE EIDL (LOAN) PER BUSINESS
  - THERE IS NO 2<sup>ND</sup> LOAN MADE AVAILABLE
  - WHAT THE STIMULUS INCLUDES IS AN EXPANSION OF THE EIDL GRANT ONLY



- PRIOR LAW
  - NOT REPAYABLE
  - REDUCES DOWN PPP FORGIVENESS
  - NOT INCOME
  - REDUCES TAX DEDUCTIONS
  - EXHAUSTED (RAN OUT OF MONEY)

AT THIS TIME THE DETAILS OF THIS. IT APPEARS YOU WILL REAPPLY. IT IS UNKNOWN IF YOU SHOULD APPLY TODAY AS THIS WAS JUST IMPLEMENTED. UP TO YOU IF YOU APPLY NOW. I AM ADVISING CLIENTS TO WAIT TO APPLY UNTIL SBA CLEARLY INDICATES HOW, AS IT APPEARS TO BE COMPLETELY UNRELATED TO GETTING AN EIDL "LOAN" WHICH AT THIS TIME IS THE ONLY WAY TO APPLY FOR A GRANT, IS APPLY FOR THE EIDL "LOAN." POSSIBLY YOU CLOG OR SLOW YOUR OPPORTUNITY IF YOU ALREADY APPLIED FOR THE EIDL "LOAN" AND/OR ALREADY GOT AN EIDL "GRANT." IF YOU HAVE NO APPLIED FOR THE EIDL "LOAN" YOU CAN DO SO, AND NOT WAIT. HOWEVER, IT IS UNKNOWN IF THAT PUTS YOU IN LINE FOR THIS PARTICULAR EIDL "GRANT."

- THE STIMULUS SIGNED INTO LAW
  - STILL NOT REPAYABLE
  - DOES NOT REDUCE DOWN ANY PPP FORGIVENESS
  - STILL NOT INCOME
  - DOES NOT REDUCE TAX DEDUCTIONS
  - REPLENISHED
    - SBA TO DETERMINE IF RETROACTIVE
      - JJ PROJECTED NOT RETROACTIVE BECAUSE NEW REQUIREMENTS
    - SBA TO DETERMINE IF STILL \$1,000 PER EMPLOYEE, UP TO \$10,000
      - JJ PROJECTED WILL BE \$10,000 PER APPLICANT
    - UNKNOW IF THIS IS AN EIDL GRANT 2.0

IT APPEARS IT IS BECAUSE OF THE NEW REQUIREMENTS HOWEVER, PREVIOUS EIDL GRANT MAY REDUCE AMOUNT TO RECEIVE. SBA & STIMULUS NOT CLEAR YET

#### REPEATING WHAT WAS HIGHLIGHTED IN PRIOR SLIDE TO ENSURE YOU SEE THIS

YOU MUST PAY CLOSE ATTENTION TO THIS. NO ONE KNOWS AT THIS TIME THE DETAILS OF THIS. IT APPEARS YOU WILL RE-APPLY. IT IS UNKNOWN IF YOU SHOULD APPLY TODAY AS THIS WAS JUST IMPLEMENTED. UP TO YOU IF YOU APPLY NOW. I AM ADVISING CLIENTS TO WAIT TO APPLY UNTIL SBA CLEARLY INDICATES HOW, AS IT APPEARS TO BE COMPLETELY UNRELATED TO GETTING AN EIDL "LOAN" WHICH AT THIS TIME IS THE ONLY WAY TO APPLY FOR A GRANT, IS APPLY FOR THE EIDL "LOAN." POSSIBLY YOU CLOG OR SLOW YOUR OPPORTUNITY IF YOU ALREADY APPLIED FOR THE EIDL "LOAN" AND/OR ALREADY GOT AN EIDL "GRANT." IF YOU HAVE NOT APPLIED FOR THE EIDL "LOAN" YOU CAN DO SO, AND NOT WAIT. HOWEVER, IT IS UNKNOWN IF THAT PUTS YOU IN LINE FOR THIS PARTICULAR EIDL "GRANT."

The stimulus bill includes the Economic Injury Disaster Loan (EIDL) funding. The next step is for the SBA to issue guidance and instructions for applying. At this time, it appears that small business owners will be able to apply for emergency EIDL Grants sometime in early January 2021. You must pay close attention to this issue if you feel you will qualify.

Congress allocated another \$20,000,000,000 in emergency EIDL grants (advances) in the new stimulus bill (not to the EIDL "Loan").

Previously the EIDL "grant" (or advance) was for those who applied for an EIDL "loan," and was in the amount of up to \$10,000. SBA later determined that those EIDL "grants" would be \$1000 per employee with a maximum of \$10,000. This ended because the money for the EIDL "grant" ran out. Money for the EIDL "loan" did not run out of money, and no indication has been provided it will run out of money. Hence why the stimulus bill did not include a provision for it.

**UNKNOWN,** however, businesses that previously applied for an EIDL and meet the new qualifications out of the stimulus bill may receive the full \$10,000 grant (minus any amount already received) even if their EIDL "loan" applications were not approved. The SBA must inform us of this. You must track this after this seminar, as it is unknown at this time.

Again, this information is changing rapidly and is based on the understanding of the programs. It can and likely will change. Pay attention to any new information as it becomes available. At this time, do not rely on this program for your financial decisions. Consult with your advisers if you feel you should act before the SBA releases additional information on this program.

#### How do I qualify for the new emergency EIDL grant?

To qualify for the full \$10,000 EIDL grant, a business must:

- Be located in a low-income community, and
- Have suffered an economic loss greater than 30%, and
- Employ not more than 300 employees
- Must qualify as an eligible entity as defined in the CARES Act:
  - A small business
  - This includes an individual who operates under as a sole proprietorship,
    - with or without employees,
    - or as an independent contractor;
- The business must have been in operation by January 31, 2020
- The business must be directly affected by COVID-19

\*At this time it is unknown whether this requirement is reduced to 300 employees for new EIDL "loan" applicants. Further guidance required from the SBA.

#### **ECONOMIC LOSS DEFINED**

"The amount by which the gross receipts of the covered entity declined during an 8-week period between March 2, 2020, and December 17, 2020, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019." The SBA will need provide additional information and a formula for seasonal businesses.

#### A LOW INCOME COMMUNITY IS DEFINED

By Section 45D(e) of the Internal Revenue Code of 7 1986 as follows: "The term "low-income community" means any population census tract if the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income." (There are some additional ways areas may qualify as a low-income community in that reference.) Eligible new applicants will also be able to apply BUT we will need guidance from the SBA to clarify that. It would seem that it will be a separate application process, not currently available.

### How do I apply for these new EIDL grants?

- The legislation says that a qualified business ("covered entity") may submit a request to the SBA Administrator and receive the full \$10,000 EIDL grant regardless of whether their application for an EIDL "is or was approved," they accepted an EIDL loan, or they previously received a PPP loan.
- Any EIDL Grant (not loan) previously received (appears) will be subtracted from the \$10,000 EIDL Grant.
- The SBA will be required to notify anyone who received a previous EIDL grant or who applied but did not receive one because funding was exhausted, that they may be able to apply for the full \$10,000 grant. Timing of that is unknown at this time.
- If a business requests an EIDL grant (appears to be through a new application process), the SBA will have 21 days after receiving the request to verify whether the business is eligible. If eligible, the grant will be provided and if not, the applicant must be told why the SBA did not consider them eligible. It does not spell out at this time the verification procedure other than to state that the SBA may request any documentation necessary, including tax records, even if that information has been requested before.
- The legislation states the SBA will process applications in the order received, except that priority will be given to those who previously received an EIDL grant under the CARES Act, followed by those who did not receive a grant because funding was exhausted.
- The procedure for requesting the full grant is unknown at this time. Guidance from the SBA is needed. It appears this happen in early January 2021.

#### Will I have to reapply if I got an EIDL grant for less than \$10,000?

- The legislation requires the SBA Administrator to notify those who received a previous EIDL grant as well as those who applied but did not get a grant because funds were exhausted.
- It does not specify how that notice must be given.
- Until the SBA releases further guidance, we do not know a specific date when this will take place.

### EIDL GRANT (ADVANCE) & PPP 2.0

- In addition to the EIDL grants your business may qualify and receive PPP loan 2.0.
- Do not delay applying for PPP 2.0 once available, waiting to see how this program works.
- These are 2 separate programs.
- The EIDL Grant (either one) will not affect PPP 1.0 or PPP 2.0.
  - The EIDL Grant (either one) will not reduce down the forgiveness of PPP 1.0 or PPP 2.0
- NOTE:
  - This new EIDL Grant will not be taxable
  - This new EIDL Grant will not reduce down tax deductions

# YOU CAN START SUBMITTING YOUR QUESTIONS IN THE COMMENT SECTION

PLEASE NOTE, DUE TO TIME CONSTRICTIONS

- IT WILL BE FIRST SUBMITTED BASIS OF ANSWERING QUESTIONS
- I WILL ONLY BE ABLE TO ANSWER QUESTIONS ABOUT THE SUBJECT MATTERS PRESENTED TODAY
- I will answer as many questions as I can before the conclusion of the seminar today.
- I will extend my time of answering questions by going LIVE tonight on my YouTube channel at 8:00 pm cst (HOWEVER) I will ONLY answer questions ONLY emailed to me ONLY at this email listed here ONLY

JJ@JJtheCPAhelp.com

### BONUS MATERIAL TO FOLLOW:

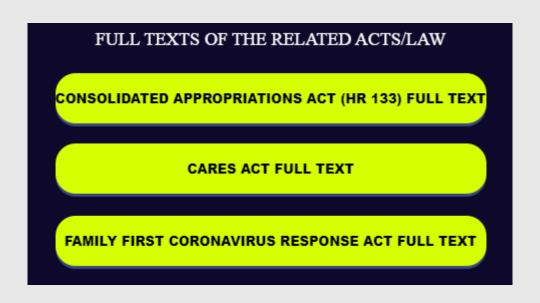
THESE ARE PROVISIONS ALREADY IN PLACE FROM PRIOR ACTS, BUT WOULD BE GOOD FOR YOU TO BE AWARE OF, EVEN THOUGH NOT PART OF THE NEW STIMULUS BECAUSE IT WAS ALREADY IN PLACE AND DIDN'T CHANGE WITH THE NEW STIMULUS.

I will extend my time of answering questions by going LIVE tonight on my YouTube channel at 8:00 pm cst

(HOWEVER) I will ONLY answer questions ONLY emailed to me ONLY at this email listed here ONLY

JJ@JJtheCPAhelp.com

# I WILL NOT BE ANSWERING QUESTIONS SUBMITTED ANYWHERE ELSE



pages listed are to the pdf containing the Act, and are the starting page to the section

Page 1927	(STIMULUS STARTS HERE) TITLE II: ASSISTANCE TO INDIVIDUALS, FAMILIES, &BUSINESSES
Page 1927	Unemployment Assistance Section (STARTS HERE)
Page 1928	Extending CARES Act Pandemic Unemployment Assistance to March 14, 2021
Page 1929	Extending CARES Act to 50 weeks total of PUA being available (from 39 weeks)
Page 1930	Unemployment: 11 weeks at \$300 per weeks (12/26/2020 and ending on or before 3/14/2021)
Page 1944	Extensions of Unemployment provisions of the Family First Coronavirus Response Act
Page 1952	Unemployment provisions continuing to include the self-employed
Page 1956	Mixed earner unemployment compensation provisions

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 1965	(TAX ASPECTS STARTS HERE) Subtitle B: COVID-Related Tax Relief Act of 2020
Page 1966	Economic Impact Payments (aka Stimulus checks) & correlating tax credits
Page 2003	Extension of deferred payroll taxes to be repaid by an employee
Page 2004	SEC. 276. CLARIFICATION OF TAX TREATMENT OF FORGIVENESS OF COVERED LOANS
Page 2004	Tax treatment of original PPP (Not income. No deductions reduced by forgiveness.)
Page 2005	Tax treatment of PPP 2.0 (Same as original PPP)
Page 2007	SEC. 277. Emergency Financial Aid Grants (For Students. Not Businesses)
Page 2008	SEC. 278. Tax treatment of forgiveness of farm loans (Same as PPP)

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2009	Emergency EIDL Grants & Targeted EIDL Advances (Not income. No deductions reduced.)
Page 2010	Subsidy for SBA making SBA loan payments, interest & fees (Not income. No deductions reduced.)
Page 2012	Grants under Economic Aid to Hard-Hit Small Businesses, Non-Profits & Venues Act THESE ARE NOT GRANTS FROM CARES ACT (Not income. No deductions reduced.)
Page 2033	Extension of credits for paid sick & family leave (On or before March 31, 2021)
Page 2033	Payroll credit for paid sick leave to employees extended to 3/31/21
Page 2034	Self-employment tax credit for sick leave still applies to self-employed & thru 3/31/21
Page 2035	Payroll credit for paid family leave to employees extended to 3/31/21
Page 2036	Self-employment tax credit for family leave still applies to self-employed & thru 3/31/21

1/9/2021

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2037	Such tax credits taken in 2020 will not affect same credits taken in 2021 (separates)
Page 2038	Self-employed can use prior year earnings from self-employment in determining average daily self-employment income for sick leave & family leave credits
Page 2042	(Starts here) Paycheck Protection Program 2 & Other Small Business Support aka "Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act"
Page 2043	Eligible expenses of PPP 2.0
Page 2045	Additional (new) eligible expenses of PPP 2.0
Page 2054	SEC. 306. Covered period of PPP 2.0 (8 or 24 weeks)
Page 2055	Simplified application process to obtain PPP 2.0 (Up to \$150,000)
Page 2059	Application process to obtain PPP 2.0 (more than \$150,000)
	177222

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2064	Eligibility red	guirements	of PPP 2.0
		1	- · · · — · ·

Page 2071 PPP 2.0 related to seasonal employers

Page 2072 PPP 2.0 related to new entities

Page 2073 NAICS 72 related entities (factor of 3.5)

Page 2075 Simplified certification to obtain PPP 2.0 for up to \$150,000 related to gross receipts test

Page 2077 PPP 2.0 loan forgiveness provisions

Page 2079 PPP 2.0 loan forgiveness documents to provide

Page 2086 SEC. 313. PPP 2.0 provisions for farmers & ranchers

Page 2092 Definition of seasonal employer for PPP 2.0

1/9/2021

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2098 Eligibility of affiliated entities under PPP 2.0	
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Page 2106 SEC. 320. Bankruptcy provisions of PPP

Page 2124 Grants for live venues, theatrical producer or live performing arts, and related

Page 2153 SEC. 325. Extension of the debt relief program

Page 2164 SEC. 326. Modifications to 7(a) loan programs

Page 2184 SEC. 331. Targeted EIDL Grant (Advance) for small business

Page 2193 SEC. 333. Repeal of EIDL Grant (Advance) deduction

Page 4927 SEC. 206. Employee Retention Credit (ERTC) Didn't change the 2020 calculation

Page 4929 New provisions related to taking ERTC & receiving PPP (can get both now)

1/9/2021

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 4932 ERTC Retroactive, report in quarter after the enactment date (4<sup>th</sup> quarter)

Page 4933 SEC. 207. Extension & modification to ERTC

70% of eligible wages, up to \$10,000 per employee, per quarter

Extended to quarters 1 & 2 in 2021 (before 7/1/2021)

# KEY AREAS TO LOOK AT YOUR PERSONAL TAX RETURN FOR 2020 TO HELP ENSURE YOU PAY THE LEAST AMOUNT OF TAX

- 2020 Form 1040, LINE 13!!!!!!!! The qualified business income deduction
  - Do you have a business? File schedule C or FGet a k-1 from an s-corp or partnership?
  - Most of the time there should be an amount here!
  - If not, find form 8995 or 8995-a and be sure it was calculated properly.
- Don't give up making sure this line item is right as it is an "out of thin air" tax deduction.
  - This deduction did not require you to spend any money and is up to 20% of your net business income.
  - There are other limitations, such as your agi, taxable income, the type of business it is, however, if you have a business and don't see an amount on this line item you are just shooting yourself in the foot if you don't ask and/or further investigate.
- While it is complicated, it is so valuable that you can't just shrug it off or be afraid to ask!
- If you net business income is \$100,000, this is a \$20,000 tax deduction that could save you around \$7,500 in taxes

On the website page you have been getting your materials, there will be a link to the video within approximately 24 hours.

The webpage will be deactivated 48 hours after the seminar because you will have received the link, and all the materials will be linked in the BODY of the video.

The video will be on YouTube, unlisted. Please don't share the link to protect the integrity of what was put together and you paid for.

The emails you have received from me have NOT been from this email listed below...

Whaaaaat??? Special email for special events!

# JJ@JJtheCPAhelp.com

I WILL NOT BE ANSWERING QUESTIONS SUBMITTED ANYWHERE ELSE NOTE: THAT EMAIL IS ONLY FOR EVENTS, AND IS NOT CHECKED OTHERWISE



# THANK YOU SO MUCH FOR ATTENDING!

BE SURE TO CHECK OUT MY OTHER SEMINARS

YOU'VE NEVER MET A
CPA QUITE LIKE

JJ THE CPA

#JJtheCPA