



Paycheck Protection Program FAQs for Small Businesses

Where can I apply for the Paycheck Protection Program?

You can apply for the Paycheck Protection Program (PPP) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury. This could be the bank you already use, or a nearby bank. There are thousands of banks that already participate in the SBA's lending programs, including numerous community banks. You do not have to visit any government institution to apply for the program. You can call your bank or find SBA-approved lenders in your area through SBA's online [Lender Match](#) tool. You can call your local [Small Business Development Center](#) or [Women's Business Center](#) and they will provide free assistance and guide you to lenders.

Who is eligible for the loan?

You are eligible for a loan if you are a small business that employs 500 employees or fewer, or if your business is in an industry that has an [employee-based size standard through SBA](#) that is higher than 500 employees. In addition, if you are a restaurant, hotel, or a business that falls within the North American Industry Classification System (NAICS) code 72, "Accommodation and Food Services," and each of your locations has 500 employees or fewer, you are eligible. Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations, will be eligible for the program. Nonprofit organizations are subject to [SBA's affiliation standards](#). Independently owned franchises with under 500 employees, who are approved by SBA, are also eligible. Eligible franchises can be found through [SBA's Franchise Directory](#).

I am an independent contractor or gig economy worker, am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

What is the maximum amount I can borrow?

The amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses, up to a total of \$10 million. This amount is intended to cover 8 weeks of payroll expenses and any additional amounts for making payments towards debt obligations. This 8 week period may be applied to any time frame between February 15, 2020 and June 30, 2020. Seasonal business expenses will be measured using a 12-week period beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses.

How can I use the money such that the loan will be forgiven?

The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing interest payments on mortgages, rent payments, leases, and utility service agreements. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. If you would like



to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.

When is the loan forgiven?

The loan is forgiven at the end of the 8-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.

What is the covered period of the loan?

The covered period during which expenses can be forgiven extends from February 15, 2020 to June 30, 2020. Borrowers can choose which 8 weeks they want to count towards the covered period, which can start as early as February 15, 2020.

How much of my loan will be forgiven?

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay. If you keep all of your employees, the entirety of the loan will be forgiven. If you still lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

Am I responsible for interest on the forgiven loan amount?

No, if the full principal of the PPP loan is forgiven, the borrower is not responsible for the interest accrued in the 8-week covered period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

What are the interest rate and terms for the loan amount that is not forgiven?

The terms of the loan not forgiven may differ on a case-by-case basis. However, the maximum terms of the loan feature a 10-year term with interest capped at 4 percent and a 100 percent loan guarantee by the SBA. You will not have to pay any fees on the loan, and collateral requirements and personal guarantees are waived. Loan payments will be deferred for at least six months and up to one year starting at the origination of the loan.

When is the application deadline for the Paycheck Protection Program?

Applicants are eligible to apply for the PPP loan until June 30th, 2020.

I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?

Yes, you can take out a state bridge loan and are still be eligible for the PPP loan.



If I have applied for, or received an Economic Injury Disaster Loan (EIDL) related to COVID-19 before the Paycheck Protection Program became available, will I be able to refinance into a PPP loan?

Yes. If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.

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CARES ACT - SUPPORT FOR INDIVIDUALS AND FAMILIES

Relief Payments

- Recovery Rebates for most taxpayers, providing cash immediately to individuals and families. Individuals are eligible for checks up to \$1,200 and married couples filing jointly are eligible for checks up to \$2,400, with an extra \$500 for each child under the age of 17.
- For a FAQ on these payments, visit young.senate.gov/coronavirus

Retirement Savings

- Allows individuals to take hardship distributions of up to \$100,000 from eligible retirement plans and individual retirement accounts without the ten percent withdrawal penalty. Amounts withdrawn may be repaid over 3 years.
- Individuals who have a current loan outstanding from their retirement plan with a repayment due from the date of enactment of the Cares Act through Dec. 31, 2020, can delay their loan repayments for up to one year.
- For retired individuals, required minimum distributions are waived for 2020.

Unemployment Provisions

- Provides an emergency increase in traditional unemployment insurance of \$600 per week through July 31, 2020.
- Creates a temporary Pandemic Unemployment Assistance program for those not traditionally eligible for unemployment compensation, including the self-employed, independent contractors, and “gig economy” workers.
 - Eligible individuals adversely impacted by COVID-19 would receive benefits equal to the amount normally provided under state law plus \$600 through December 31, 2020.
- Creates the Pandemic Emergency Unemployment Compensation program to provide an additional 13 weeks of unemployment benefits through December 31, 2020 for eligible individuals after state benefits are no longer available.

Education and Child Care

- Provides flexible funding to states, local school districts, and institutions of higher education to help schools, students, teachers, and families to address COVID-19 related issues.
- Gives temporary relief to federal student loan borrowers, through September 30, 2020.
- Provides states \$3.5 billion in Child Care and Development Block Grants to support child care for families during the public health emergency.

Food and Nutrition

- Provides \$25.06 billion in additional funding for food and nutrition assistance programs during the crisis, including certain child nutrition programs, the Supplemental Nutrition Assistance Program, and the Emergency Food Assistance Program.

[Visit \[young.senate.gov/coronavirus\]\(http://young.senate.gov/coronavirus\) for more information on Coronavirus relief](http://young.senate.gov/coronavirus)



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Paycheck Protection Program

An SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis.

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Apply for the Paycheck Protection Program

FIND A LENDER

Loan Information

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

Lenders may begin processing loan applications as soon as April 3, 2020. The Paycheck Protection Program will be available through June 30, 2020.

[Frequently Asked Questions for Lenders and Borrowers](#)

For affiliation rules applicable for the Paycheck Protection Program, [click here](#).

The [Interim Final Rule for Applicable Affiliation Rules](#) for the Paycheck Protection Program information is being posted in advance of publication in the Federal Register. The official version will appear in the Federal Register.

[Frequently Asked Questions for Faith-Based Organizations Participating in the Paycheck Protection Program and Economic Injury Disaster Loan Program](#)

Who Can Apply

The following entities affected by Coronavirus (COVID-19) may be eligible:

- Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with the greater of:
 - 500 employees, or
 - That meets the SBA industry size standard if more than 500
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

This loan has a maturity of 2 years and an interest rate of 1%.

If you wish to begin preparing your application, you can download a copy of the [PPP borrower application form](#) to see the information that will be requested from you when you apply with a lender.

Other Assistance

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are currently eligible to [apply for disaster assistance](#).

[Enhanced Debt Relief](#) is also available in SBA's other business loan programs to help small businesses overcome the challenges created by this health crisis.

For information on additional Lending options, please [click here](#).

SBA provides local assistance via 68 district offices and a nationwide network of resource partners. To find resources near you, please [click here](#).

Lender Forms and Guidance

Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

Register. [Click here](#) to download.

[Click here](#) to download the Paycheck Protection Program Lender Application Form.

[Click here](#) to view the Lender Agreement and enroll as a participating SBA Lender to make Paycheck Protection Program financing available to your customers.

If you would like to submit loan authorization requests via our new Lender Gateway, [click here](#) and follow the steps below:

1. Create an account on SBA Connect.
2. Request authorization to the Paycheck Protection Lender Gateway by providing your FRS, FDIC, or NCUA number as well as your authorization number.
3. Proceed to the [Lender Gateway](#) to begin submitting loan authorization requests.

Lenders who need assistance accessing SBA's E-Tran system may call our Lender Customer Service Line at 1-833-572-0502.

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[Economic Injury Disaster Loan Emergency Advance](#)



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CARES ACT – FREQUENTLY ASKED QUESTIONS

Individual Recovery Rebates

Who is eligible for a recovery rebate? Individuals who have an adjusted gross income of \$75,000 or less will receive \$1,200, while all married couples earning a combined \$150,000 or less will receive \$2,400. For every qualifying child under the age of 17, recipients will get an additional \$500. Payments will decrease until they are phased out completely at \$99,000 for single adults or \$198,000 for married couples. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN. The total payment will be based on information from recipients' most recent tax return.

Do dependents older than 17 qualify for purposes of the rebate? No, the additional \$500 per qualifying child is limited to children under 17. This includes college-aged children who are claimed as dependents on their parents' tax returns.

Are college-aged students eligible for recovery rebates? Depends on whether the student, is listed as dependents on their parents' tax returns. Generally, a full-time college student under the age of 24 is considered a dependent if their parent(s) (or guardian(s)) provide more than half of their support. Students are eligible to receive a rebate, if they are not listed as a dependent.

Is the payment taxable? No, the rebate is treated like other refundable tax credits and is not considered income. Moreover, if the credit amount recipients qualify for based on 2020 income is less than what they qualify for based on their 2019 tax return, it does not have to be paid back.

I receive income from Social Security or from a veteran's disability payment. Am I eligible? Yes, as long as you are not the dependent of another taxpayer. The law also provides IRS with additional tools to locate and provide rebates to low-income seniors who normally do not file a tax return by allowing them to base a rebate on Form SSA-1099, Social Security Benefit Statement or Form RRB-1099, which is the equivalent of the Social Security statement for Railroad Employees. Low-income taxpayers, senior citizens, Social Security recipients, some veterans and individuals with disabilities may want to file a tax return to ensure prompt payment of the recovery rebate. If you are not otherwise not required to file a tax return, filing for a recovery rebate will not result in a tax liability.

I have not filed my tax return for 2019 or 2018. Can I still receive a recovery check? How can I file a tax return? The best way to ensure you receive a recovery rebate is to file a 2019 tax return, if you have not already done so. This could be accomplished for free online from home using the [IRS Free file](#) program. For most eligible Americans, no action is needed to receive a recovery rebate. Please refer to [IRS.gov/coronavirus](https://www.irs.gov/coronavirus) for additional details and the latest information.

How does the IRS know where to send the payment? The IRS will use the details from your 2019 tax return to calculate the payment amount. For those who have not yet filed their return for 2019, the IRS will use information from their 2018 tax filing to calculate the payment. The IRS will deposit the payment directly in the

same bank account reflected on the tax return. If the bank account from your tax return is now closed, you will receive a check in the mail.

I was ineligible in 2018 and 2019 to receive a recovery payment, but am currently unemployed. Do I qualify?

If your income in your last filed return (either 2018 or 2019) was in the phase-out range you would still receive a partial rebate based on your that tax return. However, the rebate is actually an advance on a tax credit that you may claim on your 2020 tax return. Therefore, if your income below the phase-out amount in 2020, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return next year. This would also apply to qualified children born after your last filed return. The recovery rebate is a new one-time credit and does not impact the amount of your Earned Income Tax Credit or Child Tax Credit for 2020.

When will the payment arrive? As indicated by the Treasury, payments are expected to start arriving in a few weeks. For most eligible Americans, no action is needed to receive a recovery rebate. The IRS will mail you a letter within two weeks of payment indicating the amount of the recovery rebate and other pertinent details. Please refer to [IRS.gov/coronavirus](https://www.irs.gov/coronavirus) for the most up to date information.

Unemployment Insurance (UI) Benefits

What additional UI assistance was provided by the new law?

- Pandemic Unemployment Assistance – Expands eligibility for individuals who have traditionally been ineligible for UI benefits;
- Pandemic Unemployment Compensation—An additional \$600 per week, on top of regular benefits, to all recipients; and
- Pandemic Emergency Unemployment Compensation – An additional 13 weeks of UI benefits, beyond the regular 26 weeks already provided, for a total of 39 weeks of coverage.

Who is eligible for Pandemic Unemployment Assistance? Individuals are eligible if they do not qualify for regular UI benefits and cannot work due to COVID-19. Examples include individuals who:

- Have been diagnosed with COVID-19 or are seeking diagnosis;
- Are providing care for a family or household member diagnosed with COVID-19;
- Are the primary caregiver for a child whose school or day care has closed due to COVID-19;
- Are unable to work due to an imposed quarantine, or were advised by a medical provider to self-quarantine;
- Were scheduled to start new employment, but cannot reach the workplace as a result of COVID-19; or
- Quit their job as a direct result of COVID-19.

Are the self-employed, “gig” workers, and independent contractors eligible? Yes, they are eligible for Pandemic Unemployment Assistance.

I’ve been furloughed. Am I eligible? Depends on state regulations. Some states have policies in place to allow furloughed workers to receive unemployment benefits and part-time workers can receive partial benefits. The Pandemic Unemployment Assistance program also helps workers stay connected to their employer by allowing unemployment benefits for workers who have a job but are unable to work or telework due to COVID-19-related reasons and are not receiving paid leave through their employer.

How much will I receive? In Indiana, the maximum weekly benefit amount is \$390. To determine your weekly benefit amount: (1) divide your total base period wages by 52; (2) multiply that number by 0.47; (3) round down that amount to the next whole dollar amount (up to a maximum of \$390). The CARES Act provides an additional \$600 per week on top of that amount – limited to the next four months (expiring July 31, 2020).

When will I receive benefits? You should receive your first payment within three weeks if there are no issues with your initial claim application for benefits, according to the Indiana Department of Workforce Development. To encourage states to expedite the process, the Families First Coronavirus Response Act eliminated the federal penalty for waiving the waiting week during this crisis. Governor Holcomb responded by waiving the one-week waiting period retroactive to March 8, 2020 meaning that benefits will be paid for the first week you are eligible.

How long will I receive benefits under the expanded program? Indiana currently provides access to unemployment benefits for a maximum of 26 weeks. The CARES Act provides federal funding for an additional 13 weeks for those who need it. This expanded program expires December 31, 2020.

Where can I apply or find information regarding Indiana's Unemployment Insurance Program?

<https://www.in.gov/dwd/3474.htm>

Small Business Administration (SBA) Loans

What is the Paycheck Protection Program? The Paycheck Protection Program (PPP) is an expansion of the 7(a) loan program administered by the SBA to provide 100% federally guaranteed loans to qualifying small businesses. Applicants may apply for a PPP loan starting on April 3, 2020 through June 30, 2020.

How do I apply for a loan? The application can be found [here](#). You can apply at any lending institution that is approved to participate through SBA or by the Department of the Treasury. This may include your local bank or credit union. You can also find assistance and SBA-approved lenders through SBA's online [Lender Match](#) tool.

What businesses are eligible under the new program? Eligible businesses include:

- Small businesses with fewer than 500 employees;
- Small businesses that otherwise meet the [SBA's size standard](#);
- Individuals who operate as a sole proprietor or independent contractor;
- Individuals who are self-employed and regularly carry on any trade or business;
- Tribal businesses, 501(c)(3) nonprofits - including religious organizations, and 501(c)(19) veterans organizations that meet [SBA's size standard](#);

Other special rules for eligibility include:

- Accommodation and Food Services sector (NAICS 72) businesses - the SBA affiliation rules are waived and the 500-employee rule is applied on a per physical location basis.
- Companies operating as a franchise or receive financial assistance from an approved Small Business Investment Company – normal affiliation rules do not apply.

When can I apply? Through existing SBA lenders, Starting April 3, 2020, small businesses and sole proprietorships can apply starting April 3, 2020. Independent contractors and self-employed individuals can apply starting April 10, 2020. Other lenders will be able to provide loans as soon as they are approved by SBA.

Do I qualify for a loan under the program if I have an Economic Injury Disaster Loan (EIDL)? No, you may not take out an EIDL loan and a PPP loan for the same purpose. However, if you received an EIDL loan between January 31, 2020 and the date at which the PPP loan becomes available, you may refinance the EIDL loan into the PPP loan for loan forgiveness purposes.

What can the loan be used for?

- *For employers:* the sum of payroll costs - including salary, wages, tips, paid sick leave, medical leave, family leave, retirement benefits, healthcare benefits, and payment of state and local taxes on compensation - insurance premiums, mortgage payments, rent, utilities, and other debt obligations.

- *For the self-employed, sole proprietors, or independent contractors:* the sum of payments of any compensation that is not more than \$100,000 in one year, as prorated from February 15 to June 30, 2020.

When is the first payment on the loan due and what is the interest rate? Payments are deferred for 6 months from loan origination. During this period, the interest will continue to accrue. For additional details, please refer to SBA's PPP informational page [here](#).

Are the loans eligible for forgiveness? Yes, a borrower is eligible for loan forgiveness equal to the amount spent on payroll costs, interest on mortgage, rent, and utilities. However, forgiveness is based on the employer maintaining or quickly rehiring employees (within 30 days of loan origination) and maintaining salary levels. If full-time employee headcount declines occur, or salaries and wages decrease, forgiveness will be reduced. For additional details, please refer to SBA's PPP informational page [here](#).

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