1. How To Calculate Your Paycheck Protection Program Loan Amount - YouTube

<https://www.youtube.com/watch?v=Oe6P0CUZrmc>

Transcript:

hi there everyone this is kiva from bench accounting today i'm going to be going over how to calculate your ppp loan amount these calculations are going to be based off of either your average monthly payroll costs or your average monthly self-employment earnings and this is going to depend on your business's filing structure today i'm going to outline the documents needed in order to determine the values for these calculations as well as some brief and simple examples for calculations for each filing

structure so let's get started first we will be discussing loan calculation for partnerships in the case of partnerships your self-employment income will be considered your individual salary you will find this reported on line 14 of your schedule k1 found on form 1065 and for every partner that has a 20 or greater ownership in the company you will need to report their schedule k-1 so self-employment earnings in this example for one partner is one hundred and thirty thousand dollars and for the other is reported as one

hundred and fifteen thousand dollars as mentioned previously the salary cap is one hundred thousand dollars so the total salary for both partners will be reported as two hundred thousand dollars in this case there are employees involved in the business so you will be getting the their total salaries from your payroll providers annual report and the total payroll costs for all employees are going to include state payroll taxes health insurance expenses retirement contributions sick and vacation pay as well as severance pay so once you have

determined this from your payroll provider's annual report you will be adding both the partner and the employee salaries together then you will divide this by 12 months which will give you your average monthly payroll cost then you will multiply it by 2.5 which will give you your ppp loan amount the loan calculation for s corps and c corps are solely based off of your payroll costs so it should be noted that any s corp or c corp that has not run payroll will not be eligible for the ppp program you are drawing

your annual payroll costs from your payroll provider should be noted that this total does include your own salary paid through a payroll provider owner draws as well as distributions do not count towards this calculation once you've determined your total payroll costs you will be dividing this by 12 months and then once again multiplying your average monthly payroll amount by 2.

5 for seasonal businesses loan calculation looks a little bit different you can choose any 12 week period between february 15 2019 and february 15 2020 to determine your loan amount in this example you run a business that operates from may to september every year in this case you choose to use may 2019 to july 2019 as the 12-week period for your loan calculation your total payroll cost for this period is 15 000 let me reiterate this is only for a 12-week period to determine your average monthly payroll costs you will be dividing your total payroll cost by three

and then multiplying that amount by 2.5 to determine your ppp loan amount so those are all of the examples that i have for you today if you require more information or are looking for more details a full description of how to calculate your ppp loan amount can be found on our bench blog the article name is how to calculate your ppp loan amount for more updates and developments in the ppp program please follow us on twitter or subscribe here at bench accounting have a good rest of your day bye