1. PPP For Self Employed: How to Calculate PPP Loan Amount Using Gross Income - YouTube

<https://www.youtube.com/watch?v=dazqxs9eac0>

Transcript:

 hi everyone my name is declan and i'm a financial relief specialist here at bench accounting in this video i'm going to be going over some of the sba's new guidance surrounding how self-employed individuals will be calculating their ppp loan amount as a quick note right off the bat i wanted to mention that these changes will not be retroactive meaning that if you've already received a ppp loan you will not be able to take advantage of this new calculation method that being said if you have an application that is yet to be approved

 by the sba you can reach out to your lender to see if it can be cancelled or withdrawn and then reapply however with that march 31st deadline for ppp applications approaching there is always a risk that funding will run out before your second application is processed the guidance indicates that a self-employed individual meaning someone who files irs form 1040 schedule c generally sole proprietors and 1099 contractors may now elect to calculate their loan amount based on their gross income minus employee payroll costs for those with

 employees or just their gross income for those without employees now the sba has defined gross income as the amount the borrower reports on line 7 of their schedule c and employee payroll costs as lines 14 19 and 26 of the schedule c now as the majority of schedule c filers don't have employees they will simply be using line 7 of their schedule c to calculate their pp loan amount now i'm going to go over how to calculate your loan amount as a schedule c filer both with and without employees so without employees

 you're going to take your 2019 or 2020 schedule c and decide to use either net profit line 31 or gross income line seven you're then going to divide that amount by 12 to find your average monthly net profit or gross income and then multiply by 2.5 another important note is that this amount cannot exceed 20 833 as that's the max loan amount for self-employed individuals without employees now calculating your loan amount if you do have employees is a little bit more complex you're going to take your 2019 or 2020

 schedule c and decide whether you want to use your net profit line 31 or your gross income from line 7 minus those employee payroll costs and then you're going to add gross wages tips employee contributions for health insurance employer contributions for employee group health life disability vision and dental insurance as well as retirement contributions and state and local taxes assessed on employee compensation so add that all up and then divide by 12 and then multiply that amount by 2.

 5 and you'll get the loan amount owner's compensation has also changed now for those using net profit to calculate their loan amount ocr will still be calculated using 2.5 months worth of your 2019 or 2020 net profit and this will cover your entire loan if you don't have an employees however for those using gross income to calculate their loan amount ocr is being replaced by proprietor expenses now you can claim 2.

 5 months of business expenses plus owner's compensation as proprietor expenses which are eligible for forgiveness and as this amount is capped at 20 833 which is of course the max loan amount for those without employees it will function very similarly to ocr meaning that if you do not have employees it will still cover the entirety of your loan now make sure you keep an eye on our ppp loans small business resource hub for further updates in the coming days you'll find a link for that in the video description and thanks a lot for

 watching