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The Source for Freedom and Self-Reliant Information¹

Thomas Jefferson defined *rightful liberty* as “unobstructed action according to our will within limits drawn around us by the equal rights of others—I do not add ‘within the limits of the law,’ because law is often but the tyrant’s will, and always so when it violates the right of an individual.”

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Who Qualifies for the Paycheck Protection Program

Any small business that has fewer than 500 employees, including an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.

It does not matter whether you are still working and making money during these unprecedented times.

How Much Can You Get as a Loan/Grant Under Paycheck Protection Program

The maximum loan is the lessor of \$10-million or 2.5 times the average total monthly payroll costs incurred during the prior year (2019).

For those small businesses that had a payroll in 2019 and filed Form W-3 with Forms W-2, Wage and Tax Statement, attached, the computation is as follows: Locate your Form W-3 and divide the number in Box 1 (Wages, tips, other compensation) by 12; then multiply the result by 2.5.

If you are a sole proprietor, you include all of your earnings from self-employment (2019) that is not more than \$100,000; assuming \$100,000, you would divide that by 12, resulting in \$8,333 multiplied by 2.5 would equal \$20,833, which would be the amount of the loan/grant you would be entitled to receive.

How to Apply

Apply online by going to the SBA website: <https://www.sba.gov/disaster/apply-for-disaster-loan/index.html>. Click on this site right now.

At the very top the first sentence says, **If you're applying for Coronavirus-related assistance, please [click here](#).** That's what you do; ignore everything after that on the first page. After you click on [click here](#), you will be directed to a page that determines your eligibility.

Once you arrive at the page which shows the five steps for completing the Application, you will be asked to Choose One: Most of you will checkoff, "Applicant is a business with not more than 500 employees;" some of you will go to the next and checkoff, "Applicant is an individual who operates under a sole proprietorship . . ." The next section below states: **Review and Check All of the Following:** Most of you will check ALL of the following, otherwise you are not eligible. Once you have checked ALL of the following, hit the "continue" button at the bottom of the page. You will then be directed to a page requiring your business information.

In order to complete the page with your Business Information, it would be extremely beneficial to have your 2018 or 2019 federal income tax return available, e.g., Form 1120S, Form 1120, Form 1065, or Schedule C of Form 1040 (sole proprietor).

You will need to include your Gross Revenues and Cost of Goods Sold for the previous 12-months; if you have not completed your accounting and tax returns, feel free to estimate. Also, you will need to know the date you established your business, federal employer ID #, etc.

Once you have completed your business information, you move on to “Business Owners Information.” This is pretty simple if you are the sole owner. It gets a little more complicated if there are several owners. For example, the first question is a Yes or No: Is your business owned by a corporation. If you are a Limited Liability Partnership with “S” corporations as partners, you would think you should check yes; however, you should check NO; then you enter the Owner/Agent information, i.e., the individual sole owners of the “S” corporations.

The Owner/Agent information is pretty straight-forward, names, addresses, social security numbers, dates of births, places of birth, cell phone numbers and email addresses.

You will also need your Business Bank Account Number and Bank Routing Number.

Towards the end of the application, make sure you check the box to receive \$10,000. Make a copy of the Application; and, make a copy of the page that comes up once submitted that has your Application Number on it.

At this point you should call your Bank and find out who to speak with that is handling the SBA Paycheck Protection Program since the actual funding must come through the Banks. At this point in time, the Banks are still waiting for guidance from the SBA, which they hope will arrive by Friday, April 3, 2020. Both SBA Approved Banks, Chase and Bank of America, are waiting to hear from the SBA but, suggest business customers have the same information available that you entered on your SBA online application, plus your payroll information (W-3 and attached W-2's, Wage and Tax Statements) from 2019.

You will not have to make any loan payments for at least 6-months; and, whatever amount is not eligible to be converted to a Grant, is payable over 10-years at an interest rate of not more than 4%.

Generally, payroll costs (under \$100,000 per employee), rent, and utilities paid from the loan proceeds is forgiven and treated as a Grant; as always there are exceptions for a reduction in number of employees and payroll costs that are 25% less than the prior year.

This is a very fluid situation and the large SBA Approved Lenders (e.g., Bank of America, Wells Fargo, Chase, et al.), are still waiting for guidance and unable to process applications for the Payroll Protection Program.

Get in line NOW... APPLY ONLINE directly with the SBA; and, **immediately contact your Bank**, with your Application Number, and find out how to proceed. For example, according to Chase, “you must have an active Chase Business Online profile . . . You can only apply for this [Paycheck Protection Program] online. It’s not available by phone or in the branch.” However, as of this writing, if you bank with Chase, you cannot yet apply, BUT, you must have or setup your “Business Online profile.”

If you are uncomfortable completing the online application with the SBA, immediately get in touch with your Bank and ask them how to proceed; if your Bank will not participate in this program, find another Bank that does.

You, as a small business owner, are entitled to these funds to keep your business going during these uncertain times.

Please visit our website (www.jeffersoniangroup.com) often to keep updated through our Blogs.

Best of luck and stay safe,

Robert G. Beard Jr., C.P.A., C.G.M.A., J.D., LL.M.