

Paycheck Protection Program Detailed Summary

The U.S. government has approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes approximately \$2 trillion in provisions to provide relief to individuals and businesses impacted by the COVID-19 pandemic. The Paycheck Protection Program is specifically designed to benefit business owners. The following is a summary of this program. [Click here](#) for access to the entire bill.

Paycheck Protection Program

\$350 billion is earmarked to prevent layoffs and business closures for companies with up to 500 employees (more in certain industries). Under current guidelines, affiliation is taken into consideration and all affiliate companies must fall within headcount limits to be eligible. This program will be administered by the Small Business Administration (SBA), and applications will be taken by designated SBA Lenders.

Who is eligible for the Payroll Protection Program?

- Eligible businesses must meet size requirements as noted above.
- Eligible business must have been operational by February 15, 2020, and paid salaries to and payroll taxes for employees or paid independent contractors (reported on Form 1099-MISC).
- Borrowers who have received an Economic Injury Disaster Loan are eligible to apply for the Paycheck Protection loan but cannot use proceeds of both for the same purpose.

How much can I borrow?

Loan size is calculated at 2.5 times last year's average monthly payroll expenses, with maximum lending amount of \$10 million.

How can I use loan proceeds?

Loan proceeds can be used to cover operational expenses such as retaining workers, covering payroll and making mortgage, lease and utility payments.

How are monthly payroll expenses calculated?



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INCLUDED	EXCLUDED
Salary, wage, commissions, and similar compensation	Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
Payment of cash tip or equivalent	Payroll taxes, railroad retirement taxes, and income taxes
Payment for vacation, parental, family, medical or sick leave	Any compensation of an employee whose principal place of residence is outside of the United States
Allowance for dismissal or separation	Qualified sick leave wages for which a credit is allowed under the FFCRA
Payment required for the provisions of group health care benefits, including insurance premiums	
Payment of any retirement benefits	
Payment of state or local tax assessed on the compensation of the employee	

How can I get started?

You can begin to work with your financial advisor or banking partner to start the process. Tandem HR will assist all clients with collecting HR-related paperwork for the application process, but strongly advises you work with a financial advisor or banking partner on loan details.