



## First Draw PPP Loan Documentation

You must submit documentation sufficient to establish eligibility and to demonstrate the qualifying payroll amount, which may include, as applicable, payroll records, payroll tax filings, Form 1099-MISC, Schedule C or F, income and expenses from a sole proprietorship, or bank records.

***For most businesses (C-Corps, S-Corps and LLCs)***, you must provide your Form 941 (or other tax forms containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount), or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions. **Note: your monthly payroll records must specifically identify those employees with compensation in excess of \$100,000.** A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

***For 1065 Partnerships***, you must supply 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1065 (including K-1s) and other relevant supporting documentation if the partnership has employees, including the 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records or IRS Wage and Tax Statements) along with records of any retirement or health insurance contributions. If the partnership has employees, a payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the partnership was in operation and had employees on that date. **Note: your monthly payroll records must specifically identify those employees with compensation in excess of \$100,000.** If the partnership has no employees, an invoice, bank statement, or book of record establishing the partnership was in operation on February 15, 2020 must instead be provided

***If you are self-employed*** and file a Form 1040, Schedule C, depending upon whether or not you employ other individuals.

- a)** *If you have no employees*, you must provide the 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C to substantiate the applied-for PPP loan amount and a 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. If using 2020 to calculate loan amount, this is required regardless of whether you have filed a 2020 tax return with the IRS. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.
- b)** *If you have employees*, you must supply your 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount) or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. **Note: your monthly payroll records must specifically identify those employees with**

**compensation in excess of \$100,000.** A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

- c) *If you are a seasonal employer such as a farmer or rancher*, you must provide the 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule F with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.
- d) *If you have employees*, you must supply your 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule F, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount) or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. **Note: your monthly payroll records must specifically identify those employees with compensation in excess of \$100,000.** A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

*Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.*

*Expressly excluded from the definition of payroll costs:*

- i. *Any compensation of an employee whose principal place of residence is outside of the United States;*
- ii. *The compensation of an individual employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred;*
- iii. *Federal employment taxes imposed or withheld during the applicable period, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and*
- iv. *Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act.*

**NOTE:** *Independent contractors do not count as employees for purposes of PPP loan calculations. Independent contractors have the ability to apply for a PPP loan on their own, so they do not count for purposes of a borrower's PPP loan calculation.*

