



CPA **Business Funding** Portal

Live PPP Service Updates

March 4, 2021

JUST RELEASED ON MARCH 3

New Rules for Sole Proprietors

SBA has released new rules for gross income that apply to eligibility calculations for Schedule C filers.


IFR: Paycheck Protection Program – Revisions to Loan Amount Calculation and Eligibility published March 3.

Important Note: Only loans that the SBA accepts going forward from March 3rd will be eligible for the increased amount. Any loans made prior to that point in time must follow the previous rules.

Loan Capping: All Schedule C filers remain capped at a maximum loan amount of \$20,833 based on the requirement under the PPP of average payroll not exceeding \$100,000 per year.

Safe Harbor: If \$150,000 in gross income on Schedule C the borrower will not automatically be qualified for the good faith safe harbor condition, and the borrower may be subject to a review by SBA of its certification.

A new 2483-C for sole proprietors is now released

 **Paycheck Protection Program**
Borrower Application Form for Schedule C Filers Using Gross Income
March 3, 2021

OMB Control No.: 3245-0407
Expiration Date: 9/30/2021

AN APPLICANT MAY USE THIS FORM ONLY IF THE APPLICANT FILES AN IRS FORM 1040, SCHEDULE C, AND USES GROSS INCOME TO CALCULATE PPP LOAN AMOUNT

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Independent contractor <input type="checkbox"/> Self-employed individual	DBA or Tradename (if applicable)	Year of Establishment (if applicable)
Business Legal Name	NAICS Code	Applicant (including affiliates, if applicable) Meets Size Standard (check one): <input type="checkbox"/> No more than 500 employees (or 300 employees, if applicable) unless "per location" exception applies <input type="checkbox"/> SBA industry size standards <input type="checkbox"/> SBA alternative size standard
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN, ITIN)	Business Phone
	Primary Contact	Email Address
Total Amount of Gross Income (from IRS Form 1040, Schedule C, Line 7)	Tax Year Used for Gross Income <input type="checkbox"/> 2019 <input type="checkbox"/> 2020	Number of Employees (including owners):

If you do not have any employees (other than owners), complete this table:

A. Your gross income amount from 2019 or 2020 IRS Form 1040, Schedule C, line 7:	\$	B. Divide A by 12 (if more than \$8,333.33, enter \$8,333.33):	\$	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:	\$
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If you have employees (other than owners), complete this table:

A. Your 2019 or 2020 IRS Form 1040, Schedule C, line 7 amount, minus the sum of line 14, line 19, and line 26:	\$	B. Divide A by 12 (if more than \$8,333.33, enter \$8,333.33):	\$	C. Average Monthly Payroll for Employees (not including owners)	\$
Add B and C:	\$	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:	\$		

Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs (including proprietor expenses, equal to business expenses plus owner compensation)	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):

Applicant Ownership
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN, ITIN)	Address

SBA Form 2483-C (3/21) 1



U.S. Small Business
Administration

SBA Application Processing Updates

New IFR Explained

Interim Final Rule Updates Coming to BFP

Newly released IFR (issued on 3.3)

Business Loan Program Temporary Changes; Paycheck Protection Program – Revisions to Loan Amount Calculation and Eligibility

- Schedule C filer may elect to calculate the owner compensation share of its payroll costs—that is, the share of its payroll costs that represents compensation of the owner—based on either (1) net profit or (2) gross income, as calculated under the rule below.
 - Note: Gross income is the amount the borrower reports on line 7 of Schedule C.
- If a Schedule C filer has no employees, the borrower may elect simply to calculate its loan amount based on either net profit or gross income.
- If a Schedule C filer has employees, the borrower may elect to calculate the owner compensation share of its payroll costs based on either (i) net profit or (ii) gross income minus expenses reported on lines 14 (employee benefit programs), 19 (pension and profit-sharing plans), and 26 (wages (less employment credits)) of IRS Form 1040, Schedule C.

SMALL BUSINESS ADMINISTRATION

13 CFR Part 120

[Docket Number SBA-2021-0010]

RIN 3245-AH67

Business Loan Program Temporary Changes; Paycheck Protection Program – Revisions to Loan Amount Calculation and Eligibility

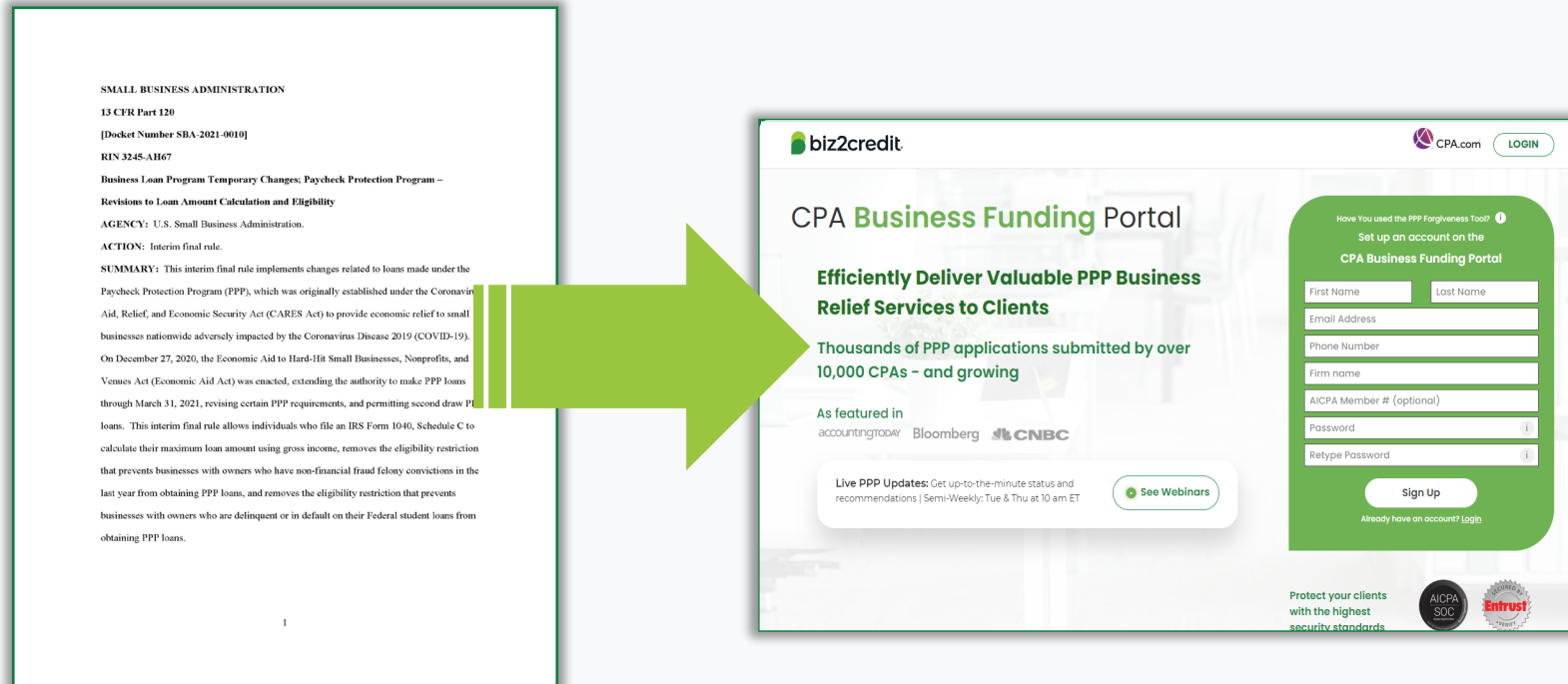
AGENCY: U.S. Small Business Administration.

ACTION: Interim final rule.

SUMMARY: This interim final rule implements changes related to loans made under the Paycheck Protection Program (PPP), which was originally established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19). On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) was enacted, extending the authority to make PPP loans through March 31, 2021, revising certain PPP requirements, and permitting second draw PPP loans. This interim final rule allows individuals who file an IRS Form 1040, Schedule C to calculate their maximum loan amount using gross income, removes the eligibility restriction that prevents businesses with owners who have non-financial fraud felony convictions in the last year from obtaining PPP loans, and removes the eligibility restriction that prevents businesses with owners who are delinquent or in default on their Federal student loans from obtaining PPP loans.

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Sole Proprietor Updates Coming to BFP



SMALL BUSINESS ADMINISTRATION
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CPA Business Funding Portal

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Have You Used the PPP Forgiveness Tool? [Set up an account on the CPA Business Funding Portal](#)

First Name Last Name

Email Address

Phone Number

Firm name

AICPA Member # (optional)

Password

Retype Password

[Sign Up](#)

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Protect your clients with the highest security standards

AICPA SOC 2

Entrust

IMPORTANT NOTE: Schedule C rule changes are only applicable for loans submitted from the date of implementation onwards and will not apply retroactively to applications already submitted via the Portal (or by clients directly). Modifications must involve a full withdrawal and subsequent submission of a brand-new loan application to meet the new rules and to leverage the new forms. **Expected Processing Time: 2-3 weeks.**

Work In Progress: Schedule C Rules

For Illustrative Purposes Only



You're Applying for the Paycheck Protection Program

5% complete

Eligibility

Business info

Ownership

Gov't Declarations

Sign

Special Conditions (Optional) *you can only select one option*

- ☐ This business is a sole proprietorship and will use gross income instead of net profit ? **NEW OPTION**
- ☐ This business is a farm or ranch according to the Economic Aid Act

We can use the right eligibility checks for your business. This possible speeds up your processing time.

Was your business in operation on February 15, 2020? ☒ Yes ☐ No

Payroll Details

The Paycheck Protection Program is open to businesses that meet the SBA's small business criteria and who need the funding to keep their employees on payroll during the COVID-19 pandemic. The details you provide here are used to verify your eligibility for the program according to government rules.

Enter values based on the full time period of your choosing:

Total payroll (paid to employees)

Enter cash compensation paid to employees.

Owner compensation ?

Enter the two values required below from your IRS 1040 Schedule C.

Total Gross income
(line 7)

Eligible Gross Income
(line 7 minus lines 14, 19 and 26)

USING GROSS INCOME TO CALCULATE ELIGIBLE AMOUNT

By continuing you confirm that this business is a sole proprietorship that files IRS Form 1040 Schedule C. Please know that SBA rules state that borrowers who elect to use gross income to calculate their loan amount and who reported more than \$150,000 in gross income on their Schedule C are not covered by the ordinary safe harbor condition and may be subject to a review by SBA of their certification that the loan is necessary to continue business operations.

OK

☒ No

Special Conditions (Optional) *you can only select one option*

This business is a sole proprietorship and will use gross income instead of net profit ? **NEW OPTION**

This business is a farm or ranch according to the Economic Aid Act

Work In Progress: Other Key Changes

Business Loan Program Temporary Changes; Paycheck Protection Program – Further Rules Changes Under New IFR

- Changes to Government Required Declarations and Borrower Certifications
- E-Signature for Newly Released Versions of SBA 2483 and SBA 2483-SD (in addition to new Schedule C version)
- PPP Forgiveness Rules Changes that are to be implemented based on the new IFR conditions

Implementation Process

New Features Cannot Be Immediately Launched

Development of new features requires engineering time and thorough testing to ensure reliability and usability.

Expect some processing delays relating to the SBA API as it must be updated following the release of the IFR