

Payroll For One? Fill Out Your 1040 Schedule C To Find Out If You Qualify for PPP



Tip sheet from Pathway Lending advises self-employed and 1099 businesses a completed 1040 Schedule C tax form puts them steps away from financial relief through SBA's Payroll Protection Program and within minutes of a completed PPP loan application

NASHVILLE, Tenn. February 23, 2021 | Tax season has officially arrived. As we head into month thirteen of a global pandemic, America's small businesses must now add the unrewarding task of tax filing to their ongoing job of just keeping the doors open.

But self-employed and 1099 businesses can count at least one upside this year. With a completed 1040 Schedule C tax form, they're steps away from securing financial relief through SBA's Payroll Protection Program and within minutes of a completed PPP loan application.

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pathwaylending.org/ppp

Explains Mason Worthington, CPA, a financial advisor with Pathway Lending, a Tennessee nonprofit community lender: “Many of the solo business owners we advise tell us they're surprised they can get a PPP loan. Payroll for one is payroll, so yes, they are eligible. In fact, their PPP applications are relatively uncomplicated because the loan amount calculation and required documents are so straightforward.”

The calculation Worthington mentions refers to the maximum loan amount, which SBA caps at 2.5 times average monthly payroll. It's a basic calculation for

solo business owners who simply divide the correct income figure by 12 and then multiply by 2.5 to get the maximum loan amount. From there, they simply pull a bank statement dated prior to Feb 15, 2020 and submit it along with the loan request form to a participating lender to complete the application process.

While SBA previously indicated business should use net income (line 31 of Schedule C) to calculate the maximum loan amount, the agency is in the process of updating that formula to help these businesses access more financial support and will open an exclusive application period for businesses with fewer than 20 employees beginning Wednesday, February 24 at 9 a.m. ET.

Worthington continues, “We encourage solo businesses considering a PPP loan to complete their 1040 Schedule C as the first step. Once they decide a PPP loan will benefit their businesses, we encourage them to apply since the loans are 100 percent forgivable when they certify they spent at least 60 percent on payroll and the remaining 40 percent for covered expenses over the eight to 24 weeks after funds are disbursed.”

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PPP Loan Availability

SBA reopened the Paycheck Protection Program in January 2021. The Paycheck Protection Program provides loans to help businesses keep their workforces employed during the COVID-19 crisis.

Lenders that elect to become a PPP lender must be approved by SBA and follow the agency's program guidelines. While all participating lenders follow the same guidelines, PPP loan details vary by lender.

Pathway Lending focuses on 1099, self-employed, nonprofit and small business borrowers based in Tennessee. Pathway Lending offers first-draw PPP loans up to \$150,000 plus live coaching and support throughout the application process.

"We view this as an opportunity to encourage more Tennessee businesses that would benefit from this program to participate, especially business that might miss out, for example 1099 and self-employed businesses that might think they don't have payroll when, in fact, they pay themselves," said Clint Gwin, Pathway Lending's president and CEO. "Our vision statement, 'no missed opportunities,' is the lens we brought to this, and our team is ready to help any Tennessee business seeking its first PPP loan through the application process."

Through March 31, 2021, eligible Tennessee businesses established prior to February 15, 2020 can start their applications at pathwaylending.org/ppp.

About Pathway Lending

Founded in 1999, Pathway Lending has grown to become a major lending institution in the Southeast, propelling meaningful economic growth in communities across the region. From fiscally responsible loans and hands-on support for business owners to flexible capital for affordable multifamily housing developers, our loans bring opportunities to the communities that need them most. Get to know our mission and the stories of the entrepreneurs and communities we serve at PathwayLending.org.

