The Paycheck Protection Program (PPP) is an SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. The Consolidated Appropriations Act, 2021 (the “Act”) was enacted on December 27, 2020 opening back up PPP to first-time borrowers.

PPP Loan eligibility highlights:

- Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (NAICS code) or if they meet both tests in the SBA’s “alternative size standard”
- Eligible non-profit organizations, including eligible houses of worship
- Veterans organizations
- Tribal business concerns
- Sole-proprietorships and self-employed individuals
- Independent contractors
- Small businesses in the hospitality and food industry with more than one location could also be eligible if their individual locations employ 500 or less employees

How much can I borrow?

Loan amount maximum is determined by a formula based on:

\[
\text{Loan Amount} = \text{Average Monthly Payroll Costs} \times 2.5
\]

or up to $10 million

Most businesses: Average monthly payroll for 2019 or 2020, excluding cash compensation over $100,000 on an annualized basis for each employee

Seasonal businesses: Payroll based on a 12-week period beginning February 15, 2019 through February 15, 2020. A seasonal employer (1) operated for no more than seven months of the year, or (2) earned no more than 1/3 of its receipts in any six months in their prior calendar year.

New businesses: Average monthly payroll from January 1 to February 29, 2020, excluding costs over $100,000 on an annualized basis for each employee.

What is the terms?

1% APR

60 MONTH LOAN TERM

How do I prepare?

- Gather ownership information, including your Tax Identification Number and breakdown of ownership
- Gather documentation that demonstrates the business was in operation on February 15, 2020
- Scan PDF copies of 2019 and 2020 year-to-date payroll reports

For Businesses with Employees (if applicable):

- 2019 and/or 2020 IRS 940, 941 or 944 payroll tax reports
- Payroll statement or similar documentation to demonstrate operations on 02/15/2020
- For S or C Corps: Equivalent payroll processor records or IRS Wage and Tax Statements, along with the filed business tax return
- Summary of payroll expenses for Individual Employees with cash compensation over $100,000
- K-1 (IRS 1065) for Partnership, S. Corp: Employer’s share of FICA taxes
- General Ledger reports or statements to assist with Health Care and Retirement benefits (S or C Corps may use IRS Form 1120-C or F)
- State Quarterly Wage Reporting Forms

For Sole Proprietorships and Independent Contractors (if applicable):

- Form 1040 Schedule C or F for 2019 and/or 2020 (Self-employed individuals with no employees must submit Form 1040-MISC in addition to 1040 Schedule C or F)
- Payroll tax filings
- Payroll statement or similar documentation to demonstrate operations on 02/15/2020
- Bank Statements to demonstrate payroll disbursements
- General Ledger Reports or statements to assist with Health Care and Retirement benefits
- State Quarterly Wage Reporting Forms

What else should I know?

- Business has not previously received a PPP loan (from M&T or another financial institution)
- Eligibility is limited to one loan per Tax Identification Number
- No prepayment penalties, no collateral required, and no personal guarantees
- Minimum of 60% must be used on payroll costs to be eligible for loan forgiveness

What payroll costs are included?

Salary, wages, commissions, tips, bonuses and hazard pay (capped at $100,000 on an annualized basis for each employee)

Payment of state and local taxes assessed on compensation (excludes employer paid FICA taxes)

Employee benefits including costs for vacation, parental, family, medical, or sick leave

Payments required for group health care benefits including insurance premiums (such as Health, dental, and vision insurance)

Allowances for separation or dismissal

Employer paid sick days, profit sharing payments, pension contributions and SEP contributions for 2% Owners

Please visit our website at mtb.com/business-informed for updates.