

Treasury Releases Payroll Protection Program Application

April 1, 2020 | **CLIENT ALERTS**

The Department of the Treasury has issued further guidance on the Payroll Protection Program for small businesses impacted by the COVID-19 pandemic. The application for all eligible small businesses can be found on the Department of the Treasury's [website](#) along with short information sheets for both [borrowers](#) and [lenders](#). In this most recent guidance, the Treasury may have made one substantive change to the Payroll Protection Program; the borrower fact sheet states that it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

[Applications](#) for the Payroll Protection Program for small businesses and sole proprietorships cannot be submitted until Friday, April 3. Any SBA-affiliated lender may process the application starting on that date. Applications for individual contractors and self-employed individuals can be submitted on Friday, April 10.

In addition to providing a completed SBA application, borrowers are required to document payroll costs. With respect to such documentation requirements, one major [national lender](#) is publicly advising borrowers to have the following documents available as part of the application process and that it may be best to have that information in electronic form, requiring:

- 2019 IRS Quarterly 940, 941 or 944 payroll tax reports;
- Last 12 months of Payroll Reports beginning with your last payroll date and going backwards 12 months (e.g. gross wages for each employee, paid time off for each employee, vacation pay for each employee);
- 1099s for 2019 for independent contractors that would otherwise be an employee of your business
- Documentation showing total of all health insurance premiums paid by the Company Owner under a group health plan;
- Document the sum of all retirement plan funding that was paid by the Company Owner (do not include funding that came from the employee's out of their paycheck deferrals).

While other SBA lender requirements may differ, due to the application timing, we recommend potential applicants begin gathering the above materials and reaching out to their SBA-affiliated lender to speak to them about the application process and its requirements as soon as possible.

Applications must be received by June 30, 2020, however the funding for the Payroll Protection Program is very limited. Further guidance is expected on the Payroll Protection Program, but it is important to get an application for the program in quickly to ensure the fastest processing time.

We would be happy to assist with any questions or problems that may arise in the application process, including your eligibility under the Payroll Protection Program, and what to expect as a borrower under the program. Please contact the attorney with whom you work or any of the attorneys listed below.

To read our previous Alerts on this topic, please click here to visit our [COVID-19 Resource Center](#).

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