

PAYCHECK PROTECTION PROGRAM (PPP) ROUND 2

The second round of the Paycheck Protection Program (PPP) is now open. Business owners have until March 31, 2021 to complete the PPP application. If you spend the loan within 24 weeks and meet certain conditions, you may not have to pay the loan back (details below).

WHO IS ELIGIBLE TO APPLY?

Small businesses (fewer than 300 employees) and sole-proprietors that were in operation on or before February 15, 2020 and have a Tax ID are eligible. Types of businesses that are eligible for Round Two include: independent contractors, nonprofit organizations (including some 501(c)(6) nonprofits), veterans organizations, tribal business concerns, destination marketing organizations, housing cooperatives, local newspapers, and TV and radio broadcasters. Eligible businesses must demonstrate a loss of 25 percent in any quarter during 2020 compared to the same quarter in 2019. **Immigrant business owners meeting these qualifications are eligible to apply.**

CAN I APPLY FOR A SECOND PPP LOAN IF MY BUSINESS RECEIVED ONE IN THE FIRST ROUND?

Yes, you can receive a second loan (called a "second draw") if you have spent the entire amount of the first loan on or before the date the second loan is disbursed and you still need help.

WHEN + HOW DO I APPLY?

PPP applications opened the week of January 11. You can submit an application through an SBA-approved lender. Contact the bank where you have a business account to find out if they are an SBA-approved lender, or search for them here: <https://www.sba.gov/paycheckprotection/find>. If you don't currently have a business account with a bank, find an approved lender at the link above and contact them to find out if you can use them to apply for PPP. Applications must be submitted by March 31, 2021.

WHAT WILL I NEED TO APPLY?

You will likely need to submit additional documentation with your PPP application (**requirements differ by lender**). You do not have to show proof of loss of income in order to be eligible for PPP. These are the types of documents that lenders may request:

- Business and Personal Tax Returns (1-3 years)
- 2020 Interim Financial Statements
- Payroll information: IRS Forms 940, 941, W-3, and/or Detailed Payroll Summary Report
- Business Property Mortgage Statement or Lease Agreement + business Property Utility Bills
- SBA Personal Financial Statement (SBA Form 413)

WHAT COSTS ARE ELIGIBLE?

PPP Round 2 covers payroll costs, as well as some additional expenses. Payroll costs include:

- Salary, wages, commission for employees who live in the US, including employees who are immigrants
- Payment of cash tip or equivalent
- Pay for vacation, parental, family, medical or sick leave
- Allowance for employee dismissal or separation
- Payment for group health care benefits, including insurance premiums and retirement benefits
- Payment of state or local tax

New eligible expenses for Round Two include:

- Software, cloud computing, and other human resources and accounting needs
- Property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance
- Supplier costs
- Worker protection expenditures (PPE)

FORGIVENESS + DEFERRAL

Loan forgiveness means you are not expected to repay your loan. If a business uses at least 60% of its PPP loan on payroll expenses and maintains its employment levels during the covered period of the loan, it can apply to have the loan forgiven. Otherwise, the loans carry a 1% interest rate and a maturity of five years. Forgiven PPP loans are not considered income for federal tax purposes.

To apply for full or partial loan forgiveness, work with your lender to complete a forgiveness request form within 10 months after the last day of the covered period.

QUESTIONS?

If you are an immigrant small business owner or have questions about PPP and immigration, Global Detroit may be able to help. Call or email us at: **(313) 676-9905 | info@globaldetroitmi.org**

The information in this document has been verified to the best of our abilities but should not be considered as tax or legal advice. We strongly recommend consulting with an accountant and/or lawyer before taking action. Global Detroit cannot guarantee that there are no mistakes or errors despite our best efforts and, given the rapidly changing nature in current circumstances, changes may occur after time of publication that impact the accuracy of the information in this document. This document was last updated on January 15, 2021.

