



# **How to calculate your PPP loan amount**

## **Method 6: Farmers and ranchers with employees**

# What we will cover

---

- What documents you'll need to gather
- How to calculate your loan amount

# Gather the following documents

---

- 2019 Schedule F or 2020 Schedule F. *If you are using 2020 to calculate payroll costs and have not yet filed a 2020 return, please complete the 2020 Schedule F form to the best of your ability and compute the value*
- IRS Form 941 and State quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020
- IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed.
- 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

# Follow these steps to calculate

## Step 1

Compute 2019 or 2020 payroll (using the same year for all items) by adding the following

The difference between:

- Your 2019 or 2020 Form 1040 Schedule F line 9 gross income amount

AND

- The sum of Schedule F lines 15, 22, 23, and 37, up to \$100,000 on an annualized basis

- If you are using 2020 and have not yet filed a 2020 return, fill it out and compute the value
- This figure can be up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred.
- If this amount is over \$100,000, reduce it to \$100,000.
- If this amount is less than zero, set this amount at zero

# Follow these steps to calculate

## Step 1

Compute 2019 or 2020 payroll (using the same year for all items) by adding the following

2019 or 2020 gross wages and tips paid to your employees

- Only include employees whose principal residence is in the U.S.
- Compute this by:
  - Using your 2019 or 2020 IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips
  - Subtract any amounts paid to any individual employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred and any amounts paid to any employee whose principal place of residence is outside the U.S.

# Follow these steps to calculate

## Step 1

Compute 2019 or 2020 payroll (using the same year for all items) by adding the following

2019 or 2020 employer  
contributions

This includes contributions to

- Employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040 Schedule C line 14 attributable to those contributions)
- Retirement contributions (Form 1040 Schedule C line 19)
- State and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms)

# Follow these steps to calculate

---

## Step 1 Summary

Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:

- The difference between your 2019 or 2020 Form 1040 Schedule C line 9 gross income amount and the sum of Schedule F lines 15, 22, 23, and 37, up to \$100,000 on an annualized basis
  - 2019 or 2020 gross wages and tips paid to your employees
  - 2019 or 2020 employer contributions

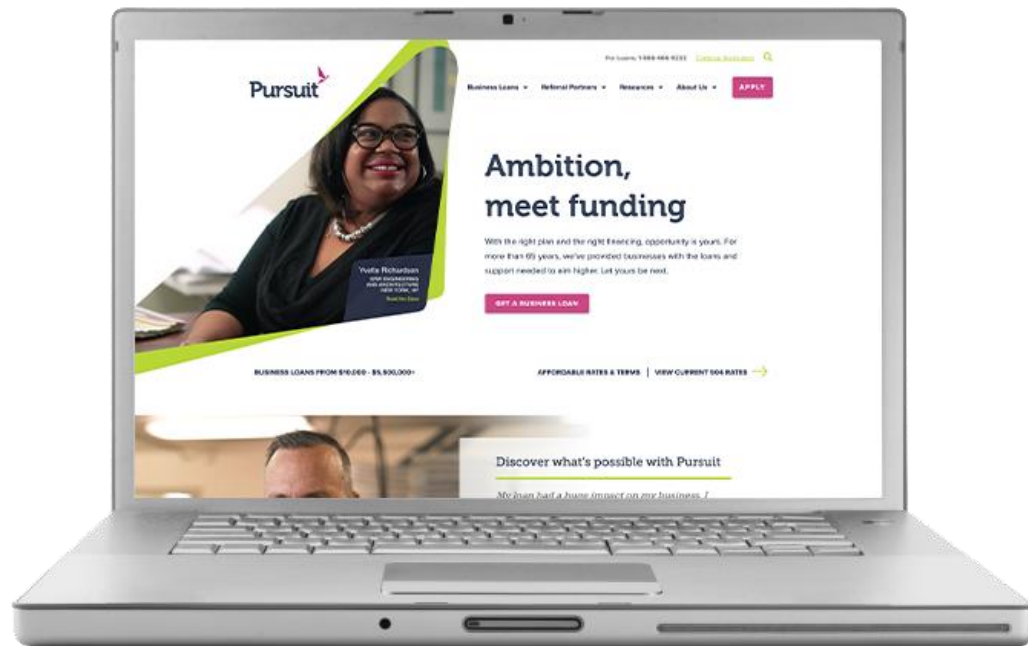
## Step 2

Calculate the average monthly payroll amount (divide the amount from Step 1 by 12)

## Step 3

Multiply the average monthly net profit amount from Step 2 by 2.5

# Helpful Pursuit resources



## [PPP Application information hub](#)

- [Second Draw PPP Application FAQ](#)
- [Second Draw PPP loan information](#)
- [First Draw PPP Application FAQ](#)
- [First Draw PPP Loan information](#)