



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

**Method 1: C-Corps, S-Corps and nonprofits**

# What we will cover

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



# Gather the following documents

- IRS Form 941 for Q1-Q4. Line 5c-Column 1 (shown here) will be added for each quarter.
- You will also need to supply State quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020.

Form **941 for 2020: Employer's QUARTERLY Federal Tax Return** 950120  
 (Rev. July 2020) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)  -   
 Name (not your trade name)   
 Trade name (if any)   
 Address   
 Number Street Suite or room number  
 City State ZIP code  
 Foreign country name Foreign province/county Foreign postal code

**Report for this Quarter of 2020**  
 (Check one.)  
 1: January, February, March  
 2: April, May, June  
 3: July, August, September  
 4: October, November, December  
 Go to [www.irs.gov/Form941](http://www.irs.gov/Form941) for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.


**Part 1: Answer these questions for this quarter.**

1 Number of employees who received wages, tips, or other compensation for the pay period including: Sept. 12 (Quarter 3) or Dec. 12 (Quarter 4) . . . . . 1

2 Wages, tips, and other compensation . . . . . 2

3 Federal income tax withheld from wages, tips, and other compensation . . . . . 3

4 If no wages, tips, and other compensation are subject to social security or Medicare tax  Check and go to line 6.

	Column 1	Column 2
5a Taxable social security wages . . . . .	<input type="text"/>	<input type="text"/>
5a (i) Qualified sick leave wages . . . . .	<input type="text"/>	<input type="text"/>
5a (ii) Qualified family leave wages . . . . .	<input type="text"/>	<input type="text"/>
5b Taxable social security tips . . . . .	<input type="text"/>	<input type="text"/>
5c Taxable Medicare wages & tips. 	<input type="text"/>	<input type="text"/>
5d Taxable wages & tips subject to Additional Medicare Tax withholding <input type="text"/>	<input type="text"/>	<input type="text"/>

# Gather the following documents

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- Employee benefits consisting of group health care or group life, disability, vision, or dental insurance (including premiums), and retirement. Source documents could be:
  - Payroll processor records
  - Invoices
  - Account statements
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish that you were in operation and had employees on that date

# Follow these steps to calculate

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## Step 1:

Combine payroll costs from 2019 *or* 2020 for all employees whose principal place of residence is the United States. See **Payroll Costs Summary** which identifies what is an eligible payroll cost.

## Step 2:

Step 2: Subtract any compensation paid to an employee in excess of \$100,000. **See Payroll Costs Summary** for explanation. It is also outlined in Example #2 below.

# Follow these steps to calculate

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## Step 3:

Divide the result from Steps 1 and 2 by 12 to obtain your average monthly payroll cost

## Step 4:

Multiply the average monthly payroll costs from Step 3 by 2.5. *If this is your second PPP loan and your business is assigned a NAICS code beginning with 72 (this is located in box B of the 1120-S tax return or Schedule K Box a of the 1120 tax return) can multiply by 3.5 instead of 2.5.*

# Example #1

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*No employees make more than \$100,000*

*Annual payroll: \$120,000*

*Divide \$120,000 by 12 to get average monthly payroll: \$10,000*

*Multiply \$10,000 by 2.5 = \$25,000*

*Maximum loan amount is \$25,000*



## Example #2

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*Two employees make over \$100,000. The first makes \$110,000 and the second makes \$150,000. The amount you would subtract is \$60,000 (\$10,000 from the first employee and \$50,000 for the second employee)*

*Annual payroll: \$1,500,000*

*Subtract compensation amounts in excess of an annual salary of \$100,000: \$60,000 in this case.  $\$1,500,000 - \$60,000 = \$1,440,000$ .*

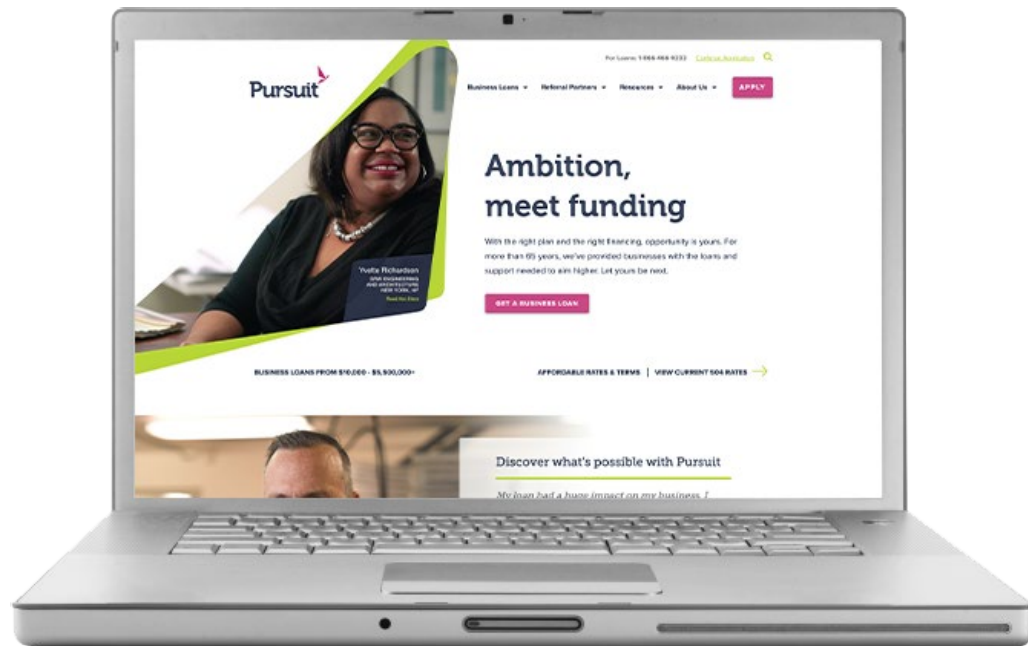
*Divide \$1,440,000 by 12 to get average monthly qualifying payroll: \$120,000*

*Multiply \$120,000 by 2.5 = \$300,000*

*Maximum loan amount is \$300,000*

# Helpful Pursuit resources

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## [PPP Application information hub](#)

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