



How to calculate your PPP loan amount

Method 2: Schedule C, no employees

What we will cover

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

Gather the following documents

- 2019 Schedule C or 2020 Schedule C

If you are using 2020 to calculate payroll costs and have not yet filed a 2020 tax return, please complete the 2020 Schedule C form to the best of your ability and compute the value. The loan calculation is based on Schedule C Line 31 (shown here)

SCHEDULE C
(Form 1040 or 1040-SR)

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0074
2019
Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (IRS) ▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor: _____ Social security number (SSN): _____

A Principal business or profession, including product or service (see instructions): _____ **B** Enter code from instructions: _____

C Business name. If no separate business name, leave blank. _____ **D** Employer ID number (EIN) (see instr.): _____

E Business address (including suite or room no.) ▶ _____
City, town or post office, state, and ZIP code: _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶ _____

G Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses Yes No

H If you started or acquired this business during 2019, check here Yes No

I Did you make any payments in 2019 that would require you to file Form(s) 1099? (see instructions) Yes No

J If "Yes," did you or will you file required Forms 1099? Yes No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. <input type="checkbox"/>	1
2	Returns and allowances	2
3	Subtract line 2 from line 1	3
4	Cost of goods sold (from line 42)	4
5	Gross profit. Subtract line 4 from line 3	5
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6
7	Gross income. Add lines 5 and 6	7

Part II Expenses. Enter expenses for business use of your home only on line 30.

8	Advertising	8	18	Office expense (see instructions)	18
9	Car and truck expenses (see instructions)	9	19	Pension and profit-sharing plans	19
10	Commissions and fees	10	20	Rent or lease (see instructions):	20
11	Contract labor (see instructions)	11	a	Vehicles, machinery, and equipment	20a
12	Depletion	12	b	Other business property	20b
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21	Repairs and maintenance	21
14	Employee benefit programs (other than on line 19)	14	22	Supplies (not included in Part III)	22
15	Insurance (other than health)	15	23	Taxes and licenses	23
16	Interest (see instructions):	16	24	Travel and meals:	24
a	Mortgage (paid to banks, etc.)	16a	a	Travel	24a
b	Other	16b	b	Deductible meals (see instructions)	24b
17	Legal and professional services	17	25	Utilities	25
26	Wages (less employment credits)	26			
27a	Other expenses (from line 48)	27a			
27b	Reserved for future use	27b			
28	Total expenses before expenses for business use of home. Add lines 8 through 27a	28			
29	Tentative profit or (loss). Subtract line 28 from line 7	29			
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30			
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31			

Gather the following documents

- IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed
- A 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

Find your 2019 or 2020 IRS Form 1040 Schedule C net profit amount (this is Line 31 of the Schedule C).

- If your Schedule C Line 31 is over \$100,000, cap it at \$100,000 to complete the calculation.
- If your Schedule C Line 31 is zero or a net loss, you are not eligible for a PPP loan

Step 2

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

Step 3

Multiply the average monthly net profit amount from Step 2 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 on the Schedule C) you can multiply by 3.5 instead of 2.5

Example #1

Schedule C Line 31 is \$48,000

Divide \$48,000 by 12 to get average monthly payroll: \$4,000

Multiply \$4,000 by 2.5 = \$10,000

Maximum loan amount is \$10,000

Example #2

Schedule C Line 31 is \$110,000

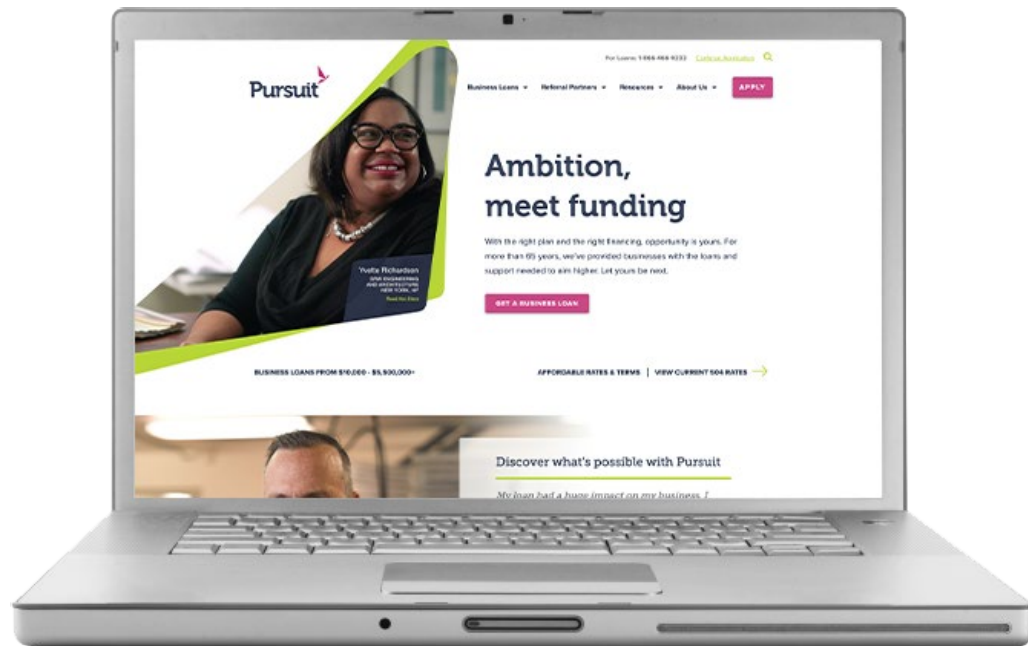
The loan calculation is capped at: \$100,000

Divide \$100,000 by 12 to get average monthly payroll: \$8,333

Multiply \$8,333 by 2.5 = \$20,832

Maximum loan amount is \$20,800 (rounded down for accounting and documentations purposes)

Helpful Pursuit resources



[PPP Application information hub](#)

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