



How to calculate your PPP loan amount

Method 2: Schedule C, no employees

(Updated calculation – March 2021)

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 7 (shown here)

SCHEDULE C (Form 1040) **Profit or Loss From Business (Sole Proprietorship)** OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99) **2020** Attachment Sequence No. **09**
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 inst.): _____

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 2020? If "No," see instructions for limit on losses. Yes No

H If you started or acquired this business during 2020, check here. Yes No

I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions. Yes No

J If "Yes," did you or will you file required Form(s) 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):		
11	Contract labor (see instructions)	11		20a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		20b	Other business property	20b	
13	Depreciation and section 179	13		21	Repairs and maintenance	21	
				22	Supplies and materials (see instructions)	22	

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 gross receipts amount (this is Line 7 of the Schedule C).

- If your Schedule C Line 7 is over \$100,000, cap it at \$100,000 to complete the calculation.
- If your Schedule C Line 7 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 7 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 7 is \$110,000

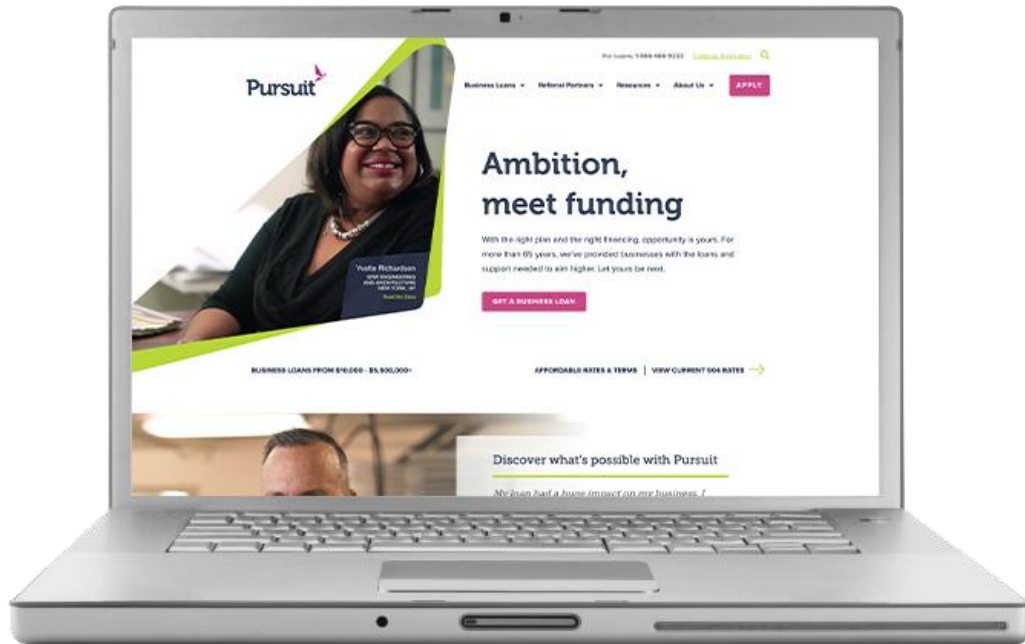
The loan calculation is capped at: \$100,000

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



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- [Second Draw PPP Application FAQ](#)
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