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# Payroll Expense Calculation Worksheets

Complete ONE worksheet based on your business type.

Business Type	Complete the worksheet on
<b>Corporation (C Corporation or S Corporation) or Limited Liability Company Taxed as a Corporation</b> .....	<a href="#">Page 2</a>
<b>Single Owner with No Employees for these Business Types:</b> Independent Contractor, Sole Proprietor, Self-Employed, or Single-Member LLC.....	<a href="#">Page 3</a>
<b>Single Owner with Employees for these Business Types:</b> Independent Contractor, Sole Proprietor, Self-Employed, or Single Member LLC .....	<a href="#">Pages 4-5</a>
<b>Nonprofit Organization</b> (files IRS Form 990) .....	<a href="#">Page 6</a>
<b>Nonprofit Religious Institution, Other Nonprofit</b> (does not file IRS Form 990), <b>Veterans Organization, or Tribal Business</b> .....	<a href="#">Page 7</a>
<b>Partnership or Limited Liability Company Taxed as a Partnership</b> .....	<a href="#">Pages 8-9</a>

These worksheets have been prepared for general information purposes only and are not intended to be relied upon as legal, accounting, tax or other professional advice. Information contained in these worksheets is based upon Paycheck Protection Program details that are frequently evolving and subject to change. For the most up-to-date guidance, please consult the U.S. Small Business Administration (SBA) (www.sba.gov), Department of the Treasury (www.treasury.gov) and/or your own legal and tax advisors prior to taking any action. Please refer to your advisors for specific advice.

# For Corporations & LLCs Taxed as Corporations

The following methodology should be used to calculate the average monthly payroll costs for **corporations**, including **C and S corporations**, and **limited liability companies taxed as corporations**.

This form may be completed using information from the year 2019, 2020, or the precise 1-year period before your PPP loan. Use the same 1-year period for each field. See below for special instructions for **seasonal businesses**.\*

**Step 1**  
Calculate the gross wages and tips paid to your employees whose principal place of residence is in the United States.

Enter into **Box A** the total annual IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter of the year selected.

Enter into **Box B** the total of pre-tax employee contributions for health insurance and other fringe benefits excluded from the IRS Form 941 Taxable Medicare wages & tips.

Enter into **Box C** any amounts paid to an employee in excess of \$100,000 (on an annualized basis as prorated for the period during with the payments are made or incurred) plus any amounts paid to an employee whose principal place of residence is outside the U.S.

**Add Box A** plus **Box B**, then **subtract Box C** and enter the **Total** in **Box 1** (gross wages and tips paid to employees residing in the U.S. not exceeding \$100,000 per employee).

**Step 2**  
Enter into **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance (from the portion of IRS Form 1120 line 24 or IRS Form 1120-S line 18 attributable to these contributions).

**Step 3**  
Enter into **Box 3** the total annual employer retirement contributions (from IRS Form 1120 line 23 or IRS Form 1120-S line 17).

**Step 4**  
Enter into **Box 4** the total annual employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).

**Step 5**  
Compute total annual payroll costs. **Add Box 1** plus **Box 2** plus **Box 3** plus **Box 4** and enter the **Total** payroll costs in **Box 5**.

**Step 6**  
Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 5** by **12** and enter the resulting amount in **Box 6**. Enter the amount in **Box 6** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

**Step 7**  
**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- The corporation's IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter of the year selected (or equivalent payroll processor records, or IRS Wage and Tax Statements IRS Forms W-2 or W-3, or IRS Form 944).
- The filed business tax return (IRS Form 1120 or IRS 1120-S) or other documentation of any retirement and health insurance contributions.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 that establishes that the corporation was in operation and had employees on that date. **Seasonal businesses** may provide documentation of operations and employees for any 12-week period between February 15, 2019 and February 15, 2020.
- If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*

**A**

+

**B**

-

**C**

=

**1**

+

**2**

+

**3**

+

**4**

=

**5**

**Average Monthly Payroll =**

**6**

**A**

+

**B**

-

**C**

=

**1**

+

**2**

+

**3**

+

**4**

=

**5**

**Average Monthly Payroll =**

**6**

\***Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 5** by 3 and enter the total into **Box 6**.

# For Single Owners *with No Employees* for these Business Types: Independent Contractor, Sole Proprietor, Self-Employed, or Single Member LLC

The following methodology should be used to calculate the average monthly payroll costs for businesses with **one owner** whose **principal place of residence is in the United States** and has **no employees**, for the following business types: **independent contractor, sole proprietor, self-employed, or single member limited liability company**. This form is **not** for partners in a partnership. See below for instructions for **seasonal businesses** and **self-employed farmers**.\*

This form may be completed using information from the year 2019 or 2020. Use the same 1-year period for each field.

## Step 1

Enter into **Box 1** your IRS Form 1040 Schedule C line 31 net profit amount. If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.

1

Average Monthly Payroll

## Step 2

Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 1** by **12** and enter the resulting amount in **Box 2**. Enter the amount in **Box 2** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

2

## Step 3

**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- Your IRS Form 1040 Schedule C. If you are a **self-employed farmer**, upload your IRS Form 1040 Schedule F instead.
- Your IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record establishing you were self-employed in the relevant year.
- Invoice, bank statement, or book of record establishing you were in operation on February 15, 2020. If you operate a **seasonal business**, you may provide documentation of operations for any 12-week period between February 15, 2019 and February 20, 2020.
- *If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*

\***Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 1** by 3 and enter the total into **Box 2**.

\*For **self-employed farmers or ranchers** (i.e., those who report their net farm profit on IRS Form 1040 Schedule F), use IRS Form 1040 Schedule F in lieu of Schedule C above. In **Step 1**, use Schedule F line 9 gross income.

# For Single Owners *with Employees* for these Business Types: Independent Contractor, Sole Proprietor, Self-Employed, or Single Member LLC

The following methodology should be used to calculate the average monthly payroll costs for businesses with **one owner** and **with employees**, for the following business types: **independent contractor, sole proprietor, self-employed, or single member limited liability company**. See below for instructions for **seasonal businesses** and **self-employed farmers**.\*

This form may be completed using information from the year 2019 or 2020. Use the same 1-year period for each field.

**Step 1**

Calculate the gross wages and tips paid to your employees whose principal place of residence is in the United States.

Enter into **Box A** the total annual IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter of the year selected.

Enter into **Box B** the total annual of pre-tax employee contributions for health insurance and other fringe benefits excluded from IRS Form 941 Taxable Medicare wages & tips.

Enter into **Box C** any amounts paid to an employee in excess of \$100,000 (on an annualized basis as prorated for the period during with the payments are made or incurred) plus any amounts paid to an employee whose principal place of residence is outside the U.S.

**Add Box A plus Box B**, then **subtract Box C** and enter the **Total in Box 1** (gross wages and tips paid to employees residing in the U.S. not exceeding \$100,000 per employee).

**A**

+

**B**

-

**C**

=

**1**

+

**2**

+

**3**

+

**4**

+

**5**

=

**6**

**Average Monthly Payroll =**

**7**

**Step 2**

Enter into **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance (from the portion of IRS Form 1040 Schedule C line 14 attributable to these contributions).

**Step 3**

Enter into **Box 3** the total annual employer contributions to employee retirement plans (from IRS Form 1040 Schedule C line 19).

**Step 4**

Enter into **Box 4** the total annual employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).

**Step 5**

Enter into **Box 5** your IRS Form 1040 Schedule C line 31 net profit amount; if this amount is over \$100,000, reduce it to \$100,000; if this amount is less than zero, set this amount at zero.

**Step 6**

Compute total annual payroll costs. **Add Box 1 plus Box 2 plus Box 3 plus Box 4 plus Box 5** and enter the **Total payroll costs in Box 6**.

**Step 7**

Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 6** by **12** and enter the resulting amount in **Box 7**. Enter the amount in **Box 7** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

\***Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 6** by **3** and enter the total into **Box 7**.

\*For **self-employed farmers or ranchers** (i.e., who report their net farm profit on IRS Form 1040 Schedule F).

- Enter in **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance (from the portion of IRS Form 1040 Schedule F line 15 attributable to these contributions).
- Enter into **Box 3** the total annual employer contributions to employee retirement plans (from IRS Form 1040 Schedule F line 15).
- Enter in **Box 5** the difference between your Form 1040 Schedule F line 9 gross income and the sum of Schedule F lines 15, 22, 23, and 37; if this amount is over \$100,000, reduce it to \$100,000; if this amount is less than zero, set this amount at zero. (Any employee payroll costs should be subtracted from the farmer's or rancher's gross income to avoid double-counting amounts that represent pay to the employees of the farmer or rancher.)

Go to Page 5 for **Step 8**

## For Single Owners *with Employees* for these Business Types: Independent Contractor, Sole Proprietor, Self-Employed, or Single Member LLC

### Step 8

**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- Your IRS Form 1040 Schedule C. If you are a **self-employed farmer**, upload your IRS Form 1040 Schedule F instead.
- IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records, or IRS Wage and Tax Statements IRS Forms W-2 or W-3, or IRS Form 944).
- Records of any retirement or health insurance contributions not reflected on IRS Form 1040 Schedule C (or, on IRS Form 1040 Schedule F for **self-employed farmers**).
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 that establishes that you were in operation and had employees on that date. If you operate a **seasonal business**, you may provide documentation of operations and employees for any 12-week period between February 15, 2019 and February 15, 2020.
- *If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*

# For Nonprofit Organizations (files IRS Form 990)

The following methodology should be used to calculate the average monthly payroll costs for **nonprofit organizations** (under section 501(c)(3) of the Internal Revenue Code) that file IRS Form 990. This form is **not** for nonprofits who do not file an IRS Form 990 or nonprofit religious institutions.

This form may be completed using information from the year 2019, 2020, or the precise 1-year period before your PPP loan. Use the same 1-year period for each field. See below for special instructions for **seasonal businesses**.\*

**Step 1**

Calculate the gross wages and tips paid to your employees whose principal place of residence is in the United States.

Enter into **Box A** the total of IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter of the year selected.

Enter into **Box B** the total of pre-tax employee contributions for health insurance and other fringe benefits excluded from IRS Form 941 Taxable Medicare wages & tips.

Enter into **Box C** any amounts paid to an employee in excess of \$100,000 (on an annualized basis as prorated for the period during with the payments are made or incurred) plus any amounts paid to an employee whose principal place of residence is outside the U.S

**Add Box A plus Box B**, then **subtract Box C** and enter the **Total** in **Box 1** (gross wages and tips paid to employees residing in the U.S. not exceeding \$100,000 per employee).

**A**

+

**B**

-

**C**

=

**1**

+

**2**

+

**3**

+

**4**

=

**5**

**Average Monthly Payroll =**

**6**

**Step 2**

Enter into **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance (from the portion of IRS Form 990 Part IX line 9 attributable to these contributions).

**Step 3**

Enter into **Box 3** the total annual employer retirement contributions (from portion of IRS Form 990 Part IX line 8).

**Step 4**

Enter into **Box 4** the total annual employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).

**Step 5**

Compute total annual payroll costs. **Add Box 1 plus Box 2 plus Box 3 plus Box 4** and enter the **Total** payroll costs in **Box 5**.

**Step 6**

Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 5** by **12** and enter the resulting amount in **Box 6**. Enter the amount in **Box 6** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

**Step 7**

**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- The nonprofit’s IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records, or IRS Wage and Tax Statements IRS Forms W-2 or W-3, or IRS Form 944).
- IRS Form 990 Part IX or other documentation of any retirement and health insurance contributions.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 that establishes that the nonprofit was in operation and had employees on that date. **Seasonal businesses** may provide documentation of operations and employees for any 12-week period between February 15, 2019 and February 15, 2020.
- *If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*

\* **Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 5** by **3** and enter the total into **Box 6**.

# For Nonprofit Religious Institutions, Other Nonprofits (does not file IRS Form 990), Veterans Organizations, or Tribal Businesses

The following methodology should be used to calculate the average monthly payroll costs for **nonprofit religious institutions, other nonprofits** (that do not file IRS Form 990), **veterans organizations**, and **tribal businesses**.

This form may be completed using information from the year 2019, 2020, or the precise 1-year period before your PPP loan. Use the same 1-year period for each field. See below for special instructions for **seasonal businesses**.\*

**Step 1**

Calculate the gross wages and tips paid to your employees whose principal place of residence is in the United States.

Enter into **Box A** the total of IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter of the year selected.

Enter into **Box B** the total of pre-tax employee contributions for health insurance and other fringe benefits excluded from the IRS Form 941 Taxable Medicare wages & tips.

Enter into **Box C** any amounts paid to an employee in excess of \$100,000 (on an annualized basis as prorated for the period during with the payments are made or incurred) plus any amounts paid to an employee whose principal place of residence is outside the U.S.

**Add Box A** plus **Box B**, then **subtract Box C** and enter the **Total** in **Box 1** (gross wages and tips paid to employees residing in the U.S. not exceeding \$100,000 per employee).

**Step 2**

Enter into **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance.

**Step 3**

Enter into **Box 3** the total annual employer retirement contributions.

**Step 4**

Enter into **Box 4** the total annual employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).

**Step 5**

Compute total annual payroll costs. **Add Box 1** plus **Box 2** plus **Box 3** plus **Box 4** and enter the **Total** payroll costs in **Box 5**.

**Step 6**

Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 5** by **12** and enter the resulting amount in **Box 6**. Enter the amount in **Box 6** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

**Step 7**

**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- The entity's IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records, or IRS Wage and Tax Statements IRS Forms W-2 or W-3, or IRS Form 944).
- Documentation of any retirement and health insurance contributions.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 that establishes that the entity was in operation and had employees on that date. **Seasonal businesses** may provide documentation of operations and employees for any 12-week period between February 15, 2019 and February 15, 2020.
- *If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*

\* **Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 5** by 3 and enter the total into **Box 6**.

<b>A</b>	
	+
<b>B</b>	
	-
<b>C</b>	
	=
<b>1</b>	
	+
<b>2</b>	
	+
<b>3</b>	
	+
<b>4</b>	
	=
<b>5</b>	
	<b>Average Monthly Payroll =</b>
<b>6</b>	

# For Partnerships and LLCs Taxed as Partnerships

The following methodology should be used to calculate the average monthly payroll costs for **partnerships** and **limited liability companies taxed like partnerships**. Partners' self-employment income should be included on the partnership's PPP loan application, individual partners may not apply for separate PPP loans.

This form may be completed using information from the year 2019, 2020, or the precise 1-year period before your PPP loan. Use the same 1-year period for each field. See below for special instructions for **seasonal businesses**.\*

**Step 1**

Calculate annual gross wages and tips paid to your employees (if any) whose principal place of residence is in the United States. If the partnership does not have employees, skip to **Step 5**.

Enter into **Box A** the total annual IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter of the year selected.

Enter into **Box B** the total of pre-tax employee contributions for health insurance and other fringe benefits excluded from the IRS Form 941 Taxable Medicare wages & tips.

Enter into **Box C** any amounts paid to an employee in excess of \$100,000 (on an annualized basis as prorated for the period during with the payments are made or incurred) plus any amounts paid to an employee whose principal place of residence is outside the U.S.

**Add Box A** plus **Box B**, then **subtract Box C** and enter the **Total** in **Box 1** (gross wages and tips paid to employees residing in the U.S. not exceeding \$100,000 per employee).

<b>A</b>	
	+
<b>B</b>	
	-
<b>C</b>	
	=
<b>1</b>	

**Step 2**

Enter into **Box 2** the total annual employer contributions to employee group health, life, disability, vision, and dental insurance (from the portion of IRS Form 1065 line 19 attributable to these contributions).

**Step 3**

Enter into **Box 3** the total of annual employer contributions to employee retirement plans (from IRS Form 1065 line 18).

**Step 4**

Enter into **Box 4** the total of annual employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).

**Step 5**

Enter into **Box 5** net earnings from self-employment of individual general partners, as reported on IRS Form 1065 Schedule K-1, reduced by any section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235, up to \$100,000 per partner.

**Step 6**

Compute total annual payroll costs. **Add Box 1** plus **Box 2** plus **Box 3** plus **Box 4** plus **Box 5** and enter the **Total** payroll costs in **Box 6**.

**Step 7**

Calculate the average monthly payroll cost. **Divide** the total payroll costs in **Box 6** by **12** and enter the resulting amount in **Box 7**. Enter the amount in **Box 7** in the **Average Monthly Payroll** box on the *Loan Request* page of the PPP Loan Application.

<b>2</b>	
	+
<b>3</b>	
	+
<b>4</b>	
	+
<b>5</b>	
	=
<b>6</b>	
	Average Monthly Payroll =
<b>7</b>	

\***Seasonal businesses** may elect instead to use any consecutive 12-week period between February 15, 2019 and February 15, 2020. Divide **Box 6** by **3** and enter the total into **Box 7**.

Go to Page 9 for **Step 8**



## For Partnerships and LLCs Taxed as Partnerships

### Step 8

**Upload** this Worksheet and all documents used to complete it to the **Documents** section of the PPP Loan Application. You **must** upload:

- The partnership's IRS Form 1065 (including K-1s).
- If the partnership has employees, IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records, or IRS Wage and Tax Statements IRS Forms W-2 or W-3, or IRS Form 944).
- Records of any retirement or health insurance contributions not reflected on IRS Form 1065.
- If the partnership has employees, payroll statement or similar documentation from the pay period that covered February 15, 2020 that establishes that the partnership was in operation and had employees on that date. If the partnership is a **seasonal business**, provide documentation of operations and employees for any 12-week period between February 15, 2019 and February 15, 2020.
- If the partnership has no employees, an invoice, bank statement, or book of record establishing the partnership was in operation on February 15, 2020 must instead be provided. If the partnership is a **seasonal business**, provide documentation of operations for any 12-week period between February 15, 2019 and February 15, 2020.
- *If you have not filed any of the requested IRS Forms, complete and upload them with your PPP Loan Application.*