

SECOND PPP LOAN CALCULATION

To calculate the potential loan amount for your second PPP loan, consider using this method presented in the Economic Aid Act.

Step 1:

Validate that your business has experienced a 25% reduction in revenues quarter over quarter or year over year (2019 to 2020).

Step 2:

You may use the same payroll and benefit information used for your first PPP loan.

Step 3:

Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4:

Multiply the average monthly payroll costs from Step 3 by 2.5.

If applied for your first PPP loan with NAICS code beginning with 72, multiply the average monthly payroll costs from Step 3 by 3.5.

Example 1 Total Annual Payroll \$120,000		Example 2 Total Annual Payroll \$1,500,000
None	Employees making more than \$100,000	Two employees with salaries totaling \$300,000 Subtract any compensation amounts in excess of an annual salary of \$100,000 (per employee) from the annual payroll
\$120,000	Annual payroll	\$1,200,000 (\$1,500,000 - \$300,000)
\$10,000 (\$120,000 / 12)	Average monthly payroll (annual payroll / 12)	\$100,000 (\$1,200,000 / 12)
\$25,000 (\$10,000 x 2.5)	Max loan amount (average monthly payroll x 2.5)	\$250,000 (\$100,000 x 2.5)

Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee)
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums and vision and dental; and payment of any retirement benefit
- State and local taxes assessed on compensation
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self employment, capped at \$100,000 on an annualized basis for each employee

Now that you know how to calculate the maximum amount of money you can borrow, you are better prepared to apply for the second PPP loan.

This information is accurate and updated as of 1.17.2021. Terms and conditions are subject to change.