We have put together a practical guide to help you calculate the loan amount that you may be eligible to receive.

**Calculating loan amount**

Follow the four steps below to determine the eligible amount for you.

### Step 1: Calculate Eligible Payroll Costs

Sum all payments (of any compensation) your employees received during the year prior to the loan date. These include:

- Salary, wage, commission, or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of the employee

If you are a sole proprietor, and independent contractor, or a self-employed individual, sum

- Wages
- Commissions
- Income
- Net earnings from self-employment or similar compensation and that is in an amount that is not more than $100,000 in one year, as pro-rated for the covered period.
Step 2: Calculate Ineligible Payroll Costs

Sum all payments (of any compensation) your employees received during the year prior to the loan date. These include:

- Compensation of an individual employee in excess of an annual salary of $100,000, as prorated for the period February 15, to December 31, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–5127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

Step 3: Calculate your Average Payroll Costs

In order to find your Payroll Costs, you have to first determine both your average Eligible and Ineligible Payroll Costs, and you may include your EIDL loan as stated in the application (if applicable).

To do so, divide each number by twelve (months) unless your business was not operational in 2019. If this is the case, divide them by two (January and February 2020).

### Calculate Average Eligible Costs

<table>
<thead>
<tr>
<th>Operational for...</th>
<th>Eligible Costs</th>
<th>Divided by</th>
<th>Average Eligible Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than a year prior to loan date</td>
<td>$600,000</td>
<td>12 months</td>
<td>$50,000</td>
</tr>
<tr>
<td>Not operational in 2019</td>
<td>$30,000</td>
<td>2 months</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

### Calculate Average Ineligible Costs

<table>
<thead>
<tr>
<th>Operational for...</th>
<th>Ineligible Costs</th>
<th>Divided by</th>
<th>Average Ineligible Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than a year prior to loan date</td>
<td>$25,000</td>
<td>12 months</td>
<td>$2,083</td>
</tr>
<tr>
<td>Not operational in 2019</td>
<td>$3,000</td>
<td>2 months</td>
<td>$1,500</td>
</tr>
</tbody>
</table>
Now subtract Ineligible Payroll Costs from Eligible Payroll Costs. The result is your Average Payroll Costs.

### Average Payroll Costs

<table>
<thead>
<tr>
<th>Operational for...</th>
<th>Average Eligible Costs</th>
<th>Minus Average Ineligible Costs</th>
<th>Average Payroll Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than a year prior to loan date</td>
<td>$50,000</td>
<td>$2,083</td>
<td>$47,917</td>
</tr>
<tr>
<td>Not operational in 2019</td>
<td>$15,000</td>
<td>$1,500</td>
<td>$13,500</td>
</tr>
</tbody>
</table>

#### Step 4 Determine your loan amount

If you are NOT a Seasonal Employer:

1. **Multiply your Average Payroll Costs by 2.5**, plus your EIDL loan as stated in the application (if applicable).
2. The result of that operation will be the maximum amount you can borrow.

If you are a Seasonal Employer:

1. Based on your Average Payroll Costs, make a projection of your payroll costs for 12-weeks, starting March 1st and ending June 30, 2019.
2. **Multiply the resulting number by 2.5**, plus your EIDL loan as stated in the application (if applicable). – that is the maximum amount you can borrow.

You're done.

Setting the loan amount correctly is a necessary step for getting your loan approved.

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1Amount is subject to a $10 million cap.

NOTE: This is not a commitment to lend. Your application to participate in The Paycheck Protection Program is subject to SBA approval. The information in this document is based on the interpretation of the CARES ACT as presented on 06/05/2020.