



The Paycheck Protection Program (PPP)

The content below is provided for illustrative and informational purposes only. It does not constitute legal or financial advice and any driver considering applying for a PPP loan should contact an attorney or financial advisor for information specific to their circumstances.

This document is not an endorsement of PPP, it is meant to provide information on the program and risks associated. We have compiled this information in response to questions we have received from app workers about PPP.

What is the PPP?

- The Paycheck Protection Program (PPP) is administered by the Small Business Administration (SBA). It allows businesses to access funds to cover expenses for 8 to 24 weeks while dealing with the COVID-19 crisis.
- **The money provided by the PPP is a loan from the federal government**, which means applicants might need to pay it back. However, if the loan is used for the right purposes (primarily covering payroll costs), then the loan can be forgiven (e.g., applicants may not have to pay it back).

Who is eligible for a PPP loan?

- The loans are generally available to all businesses, however, from February 24th to March 10th, loans are *exclusively* available to small business and sole proprietors, **including independent contractors**.
- This means gig workers viewed as independent contractors under federal law may be eligible for a PPP loan to cover their lost wages due to COVID-19.
- **NOTE:** Drivers must also have worked as an independent contractor as of February 15, 2020 to be eligible.

How much can I get from the PPP loan?

- After March 1st, the maximum PPP loan is 2.5 times an independent contractor's monthly **gross income**, capped at \$100,000 in annualized income (as reported on a 2019 or 2020 federal income tax return).
 - EXAMPLE:
 - A driver's 2019 taxes lists her gross annual income as \$36,000.
 - The driver divides that \$36,000 by 12 to get their monthly gross income, which is \$3,000.



■ The driver then multiplies that monthly amount by 2.5, which equals \$7,500. This is equal to about 10 weeks of earnings.

● **NOTE:** The period of lost income a driver is claiming may not go beyond March 31, 2021 under current rules.

What is the process for applying?

- If a driver hasn't applied for a PPP loan in the past, they'd begin with the "First Draw PPP Loan" application, which can be viewed [here](#).
- Drivers should consider connecting with a local lender or be [matched with one](#) through the SBA.
 - **NOTE:** Applicants may be required to submit a completed tax return for either the 2019 or 2020 tax year. In addition, potentially applicants should pull together all income documentation, including 1099-MISC records, bank records, or other financial information.
- After a driver receives a PPP loan and spends the funds, **they should consider applying for loan forgiveness**, otherwise they will need to pay back the loan.
- Drivers should consider their expenses, review the risks of applying, and speak with a financial advisor, attorney, or accountant for specific advice.

What are the risks of getting a PPP loan?

- **Drivers may be required to report PPP funds as earnings if they are receiving state unemployment insurance or Pandemic Unemployment Assistance (PUA). Reporting this money may make a driver ineligible for unemployment benefits in a given week.**
- **Drivers should avoid receiving benefits from both programs at the same time, report all income honestly, and consider how to sequence programs by speaking to a financial advisor, attorney, or accountant.**
- **Failure to follow the program rules or failure to submit a loan forgiveness application will require a driver to pay back the PPP funds.**
- **If you have obtained a PPP loan in the past, it is unclear what your eligibility will be for a Second Draw under these new rules.**