

Payroll Costs as defined in CARES Act

The following is subject to additional SBA guidance and clarification of the new PPP SBA 7(a) loan program.

Payroll costs means the sum of payments of any compensation with respect to employees that is a:

- a) Salary, wage, commission, or similar compensation;
- b) Payment of cash tip or equivalent;
- c) Payment for vacation, parental, family, medical, or sick leave;
- d) Allowance for dismissal or separation;
- e) Payment required for the provisions of group health care benefits, including insurance premiums;
- f) Payment of any retirement benefit; or
- g) Payment of State or local tax assessed on the compensation of employees.

For a sole proprietor or independent contractor, payroll costs means the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, 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 prorated for the covered period.

Payroll costs do not include the following:

- a) Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;
- b) Taxes imposed or withheld under chapters 21, 22, or 24 of the Code during the covered period;
- c) Any compensation of an employee whose principal place of residence is outside the United States;
- d) Qualified sick leave wage for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act; or
- e) Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.