

# **PROPOSED** New Bill for Farmers and Ranchers PPP loan **(NOT FINAL yet)**

Yesterday the Senate released several bills related to economic stimulus and COVID relief.

Previously, a farmer's PPP loan was based on 21% of their NET profit, therefore, if a farmer or rancher showed a net loss on their Sch F, they were not eligible for a PPP loan.

## **PROPOSED:**

- Farmers and Ranchers who operate as a sole proprietor and who report income and expenses on Schedule F **may use gross receipts instead of net self-employment income for their payroll. However, gross receipts will be capped at \$100,000, therefore the maximum loan amount is \$20,833 (assuming you have no employees).**
- **As you can see the major impact for self-employed Schedule F farmers with no employees who showed a loss on their 2019 income tax return is an automatic loan amount of \$20,833 that would be available to them assuming their annual 2019 gross receipts was at least \$100,000.**
- For those who previously received a PPP loan based on their self-employment income/net profit, lenders can recalculate the loan and advance extra funds if it results in a larger loan.
- Also, there is a simplified application for forgiveness assuming you previously applied. If your loan is less than \$150,000, you simply sign a form indicating you spent the funds in compliance of the program and retain records for three years.

Again, this is not final yet, but it is proposed. If it passes, this would be a major benefit and most all farmers and ranchers would qualify.

We will keep in touch with you when the final bill is passed. If it does, you will want to contact your bank immediately to do your application with them.

Thanks!

Lori Lemmer  
Income Tax Preparer

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PO Box 265  
113 N Main Street  
Stuart NE 68780  
402-924-3607

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