

**Santa Cruz Pacific
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Greetings!

New Guidance for Sole Proprietors

On April 14 the SBA released a new and perhaps comically titled [Interim Final Rule](#) regarding the Paycheck Protection Program. This release dramatically changes the program as it pertains to Businesses that report their taxable income on Schedule C (sole proprietorships).

Three weeks into the program, SBA changed their regulations to insist that all sole proprietor PPP applicants compute the "average monthly payroll" for the business owner on the basis of their 2019 Schedule C earnings. For weeks banks have been accepting applications from such businesses without the Schedule C, in reliance on previously released guidance. All of those applications will presumably need to be entirely re-done.

Meanwhile the PPP Program Has Run Out of Funding

Today (April 16th) the SBA announced that they have allocated all of the appropriated funds for this program. Congress and the Treasury Department are negotiating a new bill to authorize additional funds. Don't give up!

If You Previously Applied as a Sole Proprietor

We are under the assumption that your application will need to be re-submitted. Presumably you should wait for instructions from your bank.

If You Still Need to Apply

We need to get your tax return before you submit. Please get us your complete tax return information as soon as possible.

Our Response

Santa Cruz Pacific is temporarily changing our queueing system for determining the sequence in which we prepare and review tax returns. Normally we work on tax returns in the order in which they came to us ready to work. For the near future, we will proceed as follows:

- First: Individual returns with Schedule C business, in the order received
- Second: All other returns, in the order received

We understand that this change will inconvenience some people, and regret any adverse consequences it may have. Thank you for understanding why we are making this regrettable decision.

Conrad Seales CPA

And the crew at
Santa Cruz Pacific Accounting & Tax

[Pacific.tax](http://www.pacific.tax)
