



WISCONSIN SMALL BUSINESS
DEVELOPMENT CENTER



Options for the Self Employed

While many of our clients are small business owners with brick-and-mortar locations or a growing number of employees, we have been receiving questions from people who are self-employed as well. Here are some of your top resources.

For the purposes of this e-mail, we are defining self-employed individuals as those who work for themselves (LLC, S-Corp, independent contractor, sole proprietor), do not have employees, and are often paid via 1099.

Do I qualify for unemployment?

Typically, no. However, recent guidelines from the [U.S. Department of Labor](#) (USDOL) – under the Federal Pandemic Unemployment Compensation program – indicate that self-employed individuals *will* be eligible for unemployment under the CARES Act. An additional \$600 per week will be available through July 31, 2020.

However, as of April 3, the [Wisconsin Department of Workforce Development](#) (DWD) stated that "if you were not eligible for unemployment before the CARES Act was passed, we are asking you to wait to file because our system is not yet set up to accept your application." The DWD is waiting on additional guidance from the USDOL, and they expect those changes to be complete by mid- to late-April. The DWD FAQ page will have the most up-to-date information about these changes.

Am I eligible to apply for the Paycheck Protection Program (PPP), and for how much?

Yes. Self-employed small businesses that qualify for the PPP include:

- Sole proprietors who report income and pay taxes on a Schedule C in your personal tax return

- Independent contractors who collect 1099-MISC forms
- Gig economy workers

Independent contractors and self-employed individuals can begin the PPP application process [starting April 10, 2020](#). Applications must be made through [SBA lenders](#).

We shared more [details of the PPP](#) in one of our [earlier emails](#), but the key piece to know is that, for an 8-week period, 2.5x your average monthly payroll - wage, commissions, income, or net earnings - may be forgiven.

On the application:

- It asks for the number of employees; as a sole proprietor, you will enter “1” in this box.
- If you receive 1099’s, they can serve as the basis for your payroll calculation.
- The loan forgiveness "clock" starts the day you close on the loan and lasts for 8 weeks. The loan can be used on payroll expenses, plus rent and utilities on business space.
- Payroll must account for at least 75% of the loan.
- Make sure that you have documentation to support your forgivable expenses.

Can I apply for the SBA’s Economic Injury Disaster Loans (EIDL)?

Yes; one of the eligible entities on the [EIDL application](#) is “an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.” One of our prior emails included an [overview](#) of this program, and many of the details are included on the [Wisconsin SBDC](#) website. There is also the option of a forgivable advance.

The application form is the same for both the loan and the advance. The online application form is simple; however, you will want to make sure that you have the following documents readied:

- The form 5C
- IRS 4506T form
- Personal Financial Statement
- Schedule of Liabilities and Tax Returns

Rebate Checks

Like many Americans, most self-employed individuals with a valid Social Security number (SSN) will be able to receive a [government rebate check](#). This money – up to \$1200 for individuals with an Adjusted Gross Income at or below \$75,000. If you have children, you will receive an additional \$500 per child.

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