
Small Business Administration's Paycheck Protection Program for Farmers and Ranchers

News Release | California | April 10, 2020

[View PDF](#)

The Paycheck Protection Program (PPP) is a guaranteed loan program administered by the Small Business Administration (SBA). The purpose of the program is to support small businesses and help support their payroll during the coronavirus situation.

Agricultural producers, farmers, and ranchers with 500 or fewer employees whose principal place of residence is in the United States are eligible.

Farms are eligible if: (i) the farm has 500 or less employees, **OR** (ii) it fits within the revenue-based sized standard, which is on average annual receipts of \$1M.

Additionally, farms can qualify for PPP if it meets SBA's "alternative size standard." The "alternative size standard" is currently: (1) a maximum net worth of the business not more than \$15 million, **AND** (2) the average net income Federal income taxes of the business for the two full fiscal years before the date of the application be not more than \$5 million.

Small agricultural cooperatives may receive PPP loans as long as other eligibility requirements are met. Other forms of cooperatives may be eligible provided they comply with all other Loan Program Requirements (as defined in 13 CFR 120.10).

In regard to H-2A or H-2B workers on payroll, only employees with a principal place of residence in the U.S. count toward eligibility and calculation of the PPP loan amount.

SBA requires sole proprietors, independent contractors, and other eligible self-employed individuals to provide documentation to its lender that the business was in operation as of February 15, 2020. This documentation may include payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation to its lender, such as bank records, sufficient to demonstrate the qualifying payroll amount.

Documentation options for payroll tax filings include the following:

IRS Form 941 (quarterly wages); IRS Form 944 (calendar year wages); State income, payroll and unemployment insurance filings; QuickBooks; bank repository accounts; and/or internally generated profit and loss statements. However:

- Nonprofit organizations must include IRS Form 990;
- Sole proprietors must include IRS Form 1040 Schedule C;
- Any entity that filed IRS Form 1099-MISC must include this form;
- Seasonal employers must document the period beginning February 15, 2019 through June 30, 2019

More extensive FAQs can be found at the Treasury Department's [CARES Act website](#).

Farm Service Agency:

1400 Independence Ave.
SW Washington, DC 20250

Contact:

FPAC Press Desk

FPAC.BC.Press@usda.gov