



Summary of Questions Received During NAMM's COVID 19 Small Business Relief Webinar IV: Independent Contractors and Gig Workers

General Questions

I work about 50% W2 and 50% 1099 under my business as an IC depending on the client and the job. Can I apply for both UI and other stimulus loans?

The availability of relief funds/loans is subject to review with your potential lender. Applying for UI is a personal decision. Your state unemployment office may advise on policies concerning coordination of available UI relief resources. For example, if your state has entered into an agreement with the federal Department of Labor to participate in the Pandemic Unemployment Assistance Program, you may be eligible for UI benefits under this new program. It makes UI benefits available to ICs, business owners, self-employed, partially employed or if an individual does not have sufficient work history.

I'm a hybrid worker. About half of my clients pay me as an employee and take out taxes. The other half pay me as an independent contractor and issue me a 1099. I've successfully been approved for CA state unemployment but what I can't figure out is what do I have to do, if anything, to "apply" for the additional \$600/week benefit. The state was readily able to see my W2 income from my previous history, but can they see my 1099 income? I guess my question is- do I need to do anything to get my 1099 income seen and subsequently be considered for the \$600/week benefit?

The additional \$600 per week (up to 12 weeks) in unemployment benefits from the federal government is available to all CA state unemployment benefit recipients. The California Labor and Workforce Development Agency administers the program and details regarding eligibility and timing of the payments can be found here: www.labor.ca.gov

I'm an independent contractor and submitted for an EIDL loan last week. I haven't heard anything back. If it's just now open to sole proprietors today, should I try to resubmit?

There have been extensive press reports that the EIDL loan program is especially slow and is not meeting the processing time and other indicators set forth in the law. You may wish to go back to your application site and review an update of the status of your application via a confirmation or other documentation that your application has been received. You may wish to check your status with the SBA.



LLC Questions

Can an LLC with two Manager Members who receive annual K-1's but no W-2 employees apply for the PPP?

As a small business with less than 500 employees, and operating as an LLC, you likely qualify for SBA relief loans, EIDL and PPP. You may wish to contact your bank to review details for PPP and the SBA for EIDL.

Did I see that independent contractors that have an LLC can only apply for Pandemic Unemployment Assistance if they pay themselves as an employee by their LLC? If they do not pay themselves as an employee, but instead take draws, are they disqualified?

It is best to contact your state or regional unemployment office regarding your eligibility for benefits under the state's UI rules and the new federal Pandemic Unemployment Assistance program. As an LLC, your business may also be eligible for SBA relief loans that you may wish to consider.

On the PPP Borrower Application Form, there is a box that asks for "Avg Monthly Payroll." In my case since I'm a freelancer (LLC, Sole Proprietor with no employees), does this mean the average monthly income that I paid myself in 2019? Is it a combination of W-2 and/or 1099?

Asking a tax or financial professional is always a good idea. When working with a PPP lender, they may be able to provide details on how to calculate your "Avg Monthly Payroll."

I am a sole proprietor LLC based in PA. But the bulk of my work and income is in NY. Do I apply for Pandemic Unemployment Assistance in PA or NY?

If you decide to apply for unemployment assistance, you should start with the unemployment office in your state of residence.

I am a sole LLC lighting designer. I am confused as to which loan I can apply for. Also, can I apply for UI as an LLC?

As an LLC, you are eligible to apply for relief loans – EIDL and PPP. Note, however, that a borrower may not receive a PPP loan and an EIDL for the same purpose. A borrower who has an EIDL loan *related to COVID-19* may be able to refinance the EIDL into the PPP loan. Your state unemployment office can advise on UI eligibility.

Can a musician that has an LLC band as well as 1099's file for unemployment?

Under the federal Pandemic Unemployment Assistance program included in the CARES Act, ICs and self-employed are eligible for unemployment insurance benefits. You may be eligible for these benefits, depending on whether your state has opted to participate in this program. Please contact your state or regional unemployment office for details.



What happens if as a gig worker, you get an offer of some part time work, but not enough to cover expenses. Will UI be adjusted? How long can you keep the UI?

The answer is subject to UI regulations for your state, and/or your state's participation in the federal Pandemic Unemployment Assistance program. We encourage you to contact your state unemployment office.

My state, MA, still has on its website that sole proprietors and gig workers can't yet apply for unemployment. Is that true in every state? Secondly, I pay taxes with a check, so the IRS does not have my bank info. I was told the Feds would make a website so you could give them your info, but I can't find any website to do that yet.

State unemployment website and offices are catching up to the realities of the relief programs including the availability of business loans and unemployment insurance availability for gig workers and sole proprietors; we encourage you to keep checking with MA, as they and other states are adjusting to the influx of claims and quickly changing circumstances. A new IRS website has just been launched where you can upload your banking information for the electronic funds transfer, see below. <https://www.namm.org/issues-and-advocacy/taxreform>

Paycheck Protection Program (PPP)

How does the PPP or any other program benefit a stagehand, AV tech, or production contractor? What's the process for a contractor?

As a contractor, you are eligible to apply for a PPP loan: 2 year term, 1% interest rate, loan amount can be 250% of average monthly payroll/income, portion of loan is forgiven if used for payroll – even for sole proprietor, gig worker.

Can I take the PPP loan, pay my payroll (to myself), and then "lay myself off" when that's over and collect unemployment?

The loan forgiveness opportunity in PPP requires maintenance of payroll.

I want to apply for a PPP loan, but my credit union isn't participating, and online banks seem to be accepting only established business customers. Where can we go to get these PPP loans?

Some borrowers are using existing lenders, while others have had success in securing assistance as first-time customers. Here is an approved lender locator tool:

<https://www.sba.gov/paycheckprotection/find>



Do independent contractors need business bank accounts in order to receive a PPP loan? How do they prove their average monthly income if they do not have a payroll service providing that info? What supporting documentation should they be gathering?

Independent contractors can apply for PPP loans. They should review the income verification requirements with a lending officer. Under the Pandemic Unemployment Assistance program, they are also eligible to apply for UI and PUA via their state unemployment office.

Is PPP loan or EIDL eligibility contingent on your personal credit history, or have those requirements been loosened?

EIDLs require a personal guarantee, but the personal guarantee requirement is waived for advances or loans under \$200,000. EIDLs of \$25,000 or less require no collateral; for loans above that amount, general security interest in business assets may be used as collateral. PPP loans do not require a personal guarantee or credit elsewhere.

Pandemic Unemployment Assistance (PUA)

Can a gig worker/sole proprietor apply for PUA benefits in California and then move to another state?

We encourage you to check with the requirements in the state of your current residence both in terms of securing UI benefits now and in coordination with potential re-location.

Is PUA filed for through the state?

Yes, PUA is managed at the state level. We recommend checking your state's unemployment insurance program rules [here](#).

IRS Economic Impact Payment

Is it true that the Economic Impact Payment will be paid automatically and electronically if you filed your 2018 (not your 2019) tax return?

Yes.

Can you post the link for updating your direct deposit information?

<https://www.irs.gov/coronavirus/get-my-payment>

What will the California Employment Development Department require for 1099 gig workers to receive benefits under the PUA?

Requirements vary by state. You may wish to contact the California UI website or regional or local office. <https://www.edd.ca.gov/>



If I have not filed tax returns for several years, how can I qualify PUA benefits, an EIDL, or a PPP loan (including quickly filing a tax return online with IRS for 2019 - albeit potentially after online application for the benefits)?

You may wish to contact a loan officer at a bank to review if tax returns are required for loan applications. You may register to receive a relief rebate via this IRS link

<https://www.irs.gov/payments/eftps-the-electronic-federal-tax-payment-system>

Additional Resources

[PPP FAQ](#)

[IRS Economic Impact Help Center](#)

[NPR Music: Resources For Music Businesses And Industry Workers](#)

[WIN's COVID-19 Worldwide Resources for the Independent Music Community](#)

[Billboard's State-by-State Resource Guide for Music Professionals](#)

[PoliticoPro: What You Need to Know About Unemployment Insurance](#)

[US Treasury - Aid for Workers and Families](#)

[Baker Botts - Federal COVID-19 Resource Guide for Individuals](#)

Disclaimer

NAMM is monitoring and providing Members with information about COVID-19, including guidance from the World Health Organization, the Centers for Disease Control, and federal, state, and local government authorities and health officials; this information continues to constantly change. As a service to its members, NAMM seeks to provide information that is helpful, accurate and up-to-date to the best of its knowledge. Information presented is not professional medical, legal or financial advice, and we encourage all NAMM Members to contact their professional advisors as you plan and take action based on information provided.