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# COVID-19: Income Replacement Issues for Tennis Pros, Athletes, Officials and other Independent Contractors and Self- Employed Workers

Unites States Tennis Association

Webinar

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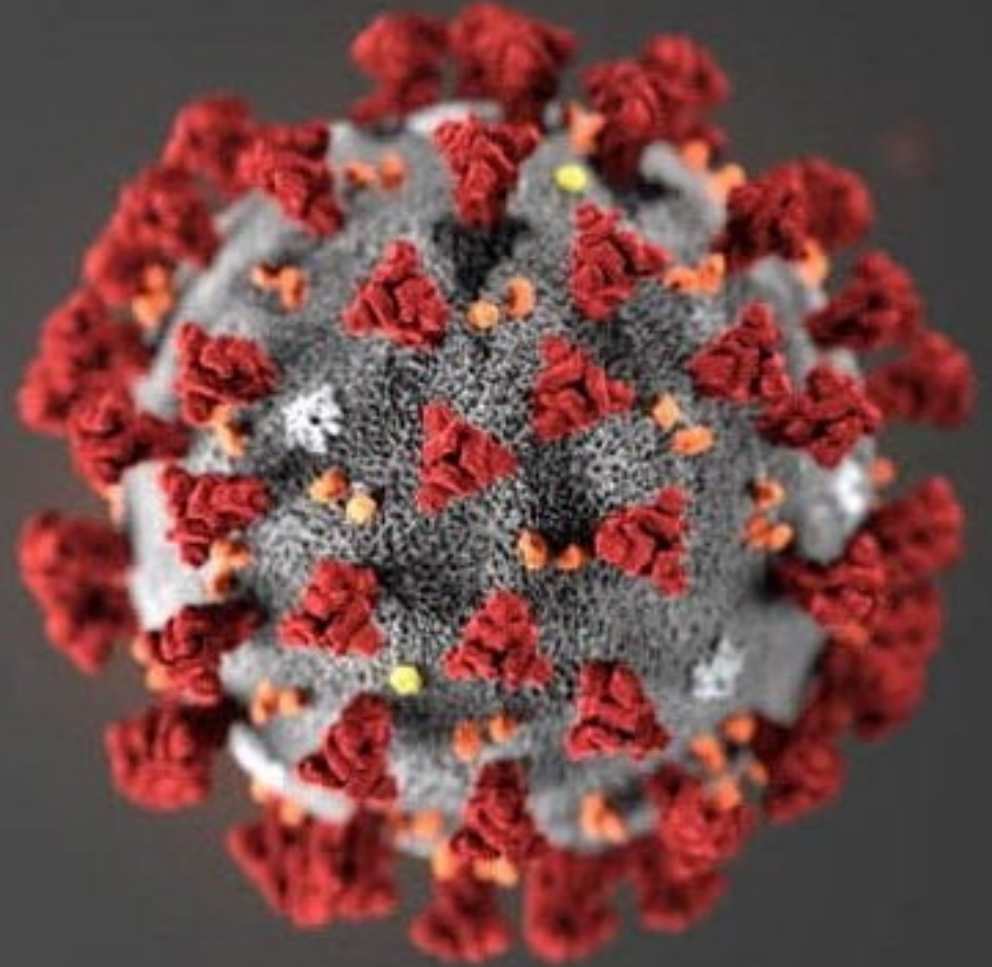
## Two Avenues for Income Replacement

- Pandemic Unemployment Benefits
- Paycheck Protection Program



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# Unemployment Benefits





## Unemployment Benefits – Traditional Situation for Self-Employed Persons

- Business owners, independent contractors and other self-employed workers are normally ineligible for unemployment benefits.



## Unemployment Benefits – Temporary Extension of Benefits to Self-Employed Workers

- CARES Act temporarily provides business owners, independent contractors and other self-employed workers who are unable to work because of the COVID-19 crisis with unemployment benefits until December 31, 2020.
  - for purposes of unemployment there is no difference between someone who is an independent contractor, self-employed or a freelancer - all are eligible if requirements are met



## Unemployment Benefits – Three Available Benefits

1. Regular state unemployment benefits based on level of income as if you were an employee
  - each state has its own maximum benefit amount based on level of income
    - lowest maximum - Mississippi \$235
    - highest maximum - Washington \$790



## Unemployment Benefits – Three Available Benefits

2. An additional \$600 per week on top of regular unemployment benefits through July 31, 2020
  - \$835 maximum in Mississippi ( $\$235 + \$600 = \$835$ )
  - \$1,390 maximum in Washington ( $\$790 + \$600 = \$1,390$ )
  - **total benefits can exceed normal weekly income**



## Unemployment Benefits – Three Available Benefits

3. An additional 13 weeks of regular unemployment benefits beyond your state's maximum benefit period
  - 42 states and Puerto Rico and Washington, D.C. provide 26 weeks
  - Montana - 28 weeks
  - Idaho - 21 weeks
  - S.C. and Arkansas - 20 weeks
  - Alabama - 14 weeks
  - Missouri - 13 weeks
  - Florida and N.C. - 12 weeks





## Unemployment Benefits – Partial Benefits

- Many states provide partial unemployment benefits for persons whose are still working on a reduced basis
  - eligibility requirements vary based on the number of days worked in a week and the amount of earnings in a week
  - if you qualify for partial benefits you also qualify for the temporary additional \$600 payment



## Unemployment Benefits – No Waiting Period

- Benefits are available from the first day of unemployment
- Traditional one-week waiting period has been waived until December 31,2020



## Unemployment Benefits – Applying for Benefits

- File application for benefits with state unemployment agency
- Application process will vary from state-to-state
- Many states are still in the process of establishing application procedures
- File in the first week that you experience a loss of work
- Benefits can be retroactive to benefit week starting January 27, 2020



## Unemployment Benefits – Proof of Self-Employment

- You will have to submit proof of self-employment
  - Form 1099s
  - Billing invoices to clients
  - Recent business advertisements
  - Business card
  - Building lease



## Unemployment Benefits – Proof of Income

- The following can be used to prove income (last 12-18 months)
  - Form 1099s
  - Paycheck stubs
  - Bank receipts showing deposits
  - Income tax return
  - Billing statements



## Unemployment Benefits – Other Information for Application

- Social Security Number
- Driver's License



## Unemployment Benefits – Application Misc. Information

- Leave employer Federal Employer Identification Number (FEIN) blank
- Leave employer state unemployment registration number blank
- For “Last Employer Name” enter “Self-employed”
- For “Employer address” enter your business or home address
- For “Employer telephone number” enter your business, home or cell number



## Unemployment Benefits – Misc.

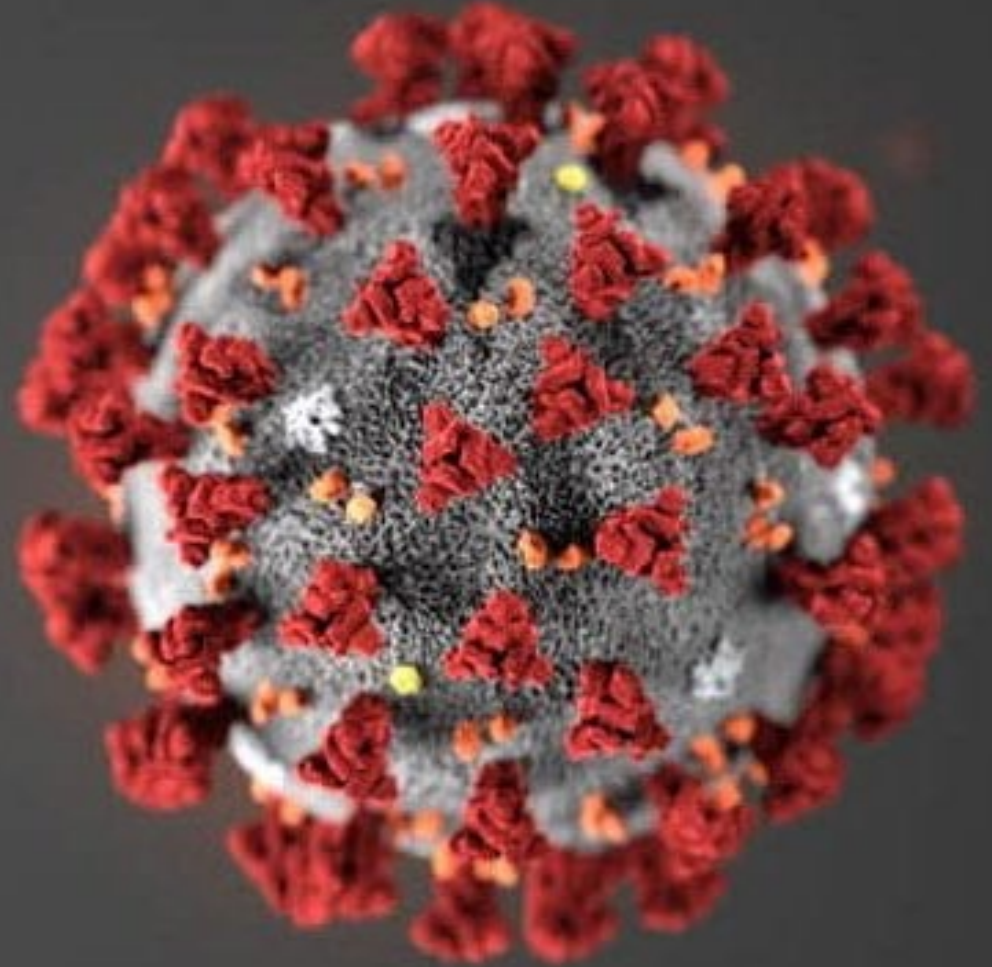
- Right to appeal if denied
- Hearing before an administrative law judge





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# Paycheck Protection Program





## Paycheck Protection Program (PPP)

- Federal program to provide funds to keeps employees on payroll
  - \$349 billion in funds available
- Independent contractors and self-employed persons eligible
- Money initially disbursed as a loan
- Loan will be forgiven if money is used for payroll (at least 75%), rent, mortgage interest or utilities in 8 weeks after receipt
- No collateral or personal guarantee required
- Must have been in business as of February 15, 2020



## Paycheck Protection Program (PPP)

- No application fees
- Lender must disburse first installment no later than 10 days from the date of approval
- **Cannot receive PPP loan and unemployment benefits at the same time**
- If loan forgiveness requirements not met loan repaid over two year at 1% interest



## Paycheck Protection Program (PPP)

- Apply through participating lender approved by the Small Business Administration (SBA)
- Program available through June 30, 2020
- First-come, first-served basis until funds run out
- Eligible payroll costs for independent contractors include earning from self-employment (capped at \$100,000 annualized), benefits (health insurance, etc.), amount paid in federal and state income taxes
- Limited to one loan



## Paycheck Protection Program (PPP)

- Loan size – up to two months of average monthly payroll costs from the last year, plus an additional 25% of that amount, up to a \$10 million cap.
- Loan payments deferred for six months



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