To Whom It May Concern:

This loan applicant is a client of a professional employer organization (PEO). PEOs provide payroll, employee benefits, human resources, and compliance assistance services to more than 175,000 small business clients with more than 3.7 million employees nationwide. PEOs “co-employ” their clients’ employees. The employees are paid on the PEO’s federal employer identification number (FEIN), not the client’s. Therefore, a PEO client applying for a loan through the Paycheck Protection Program (PPP) will not have a Form 941. The Interim Final Rules (the IFR) issued by the Small Business Administration on April 2, 2020 do not require tax documents, including Forms 941, to verify payroll amounts for PPP loan purposes.

Indeed, the IFR makes clear that lenders are not limited in the types of documentation they can use to determine eligibility or amount for PPP loan purposes. Specifically, the IFR provides:

> Borrowers must submit such documentation as is necessary to establish eligibility such as 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, such as bank records, sufficient to demonstrate the qualifying payroll amount. (SBA IFR section 3.b.(iv).II.)

As you can see, the IFR does not require Form 941s to establish eligibility. Payroll processor records and other such supporting documentation are sufficient.

In accordance with these regulations, the PEO has provided an authenticated payroll record to assist you, the lender, in confirming the client employer’s eligibility for the loan, and the loan amount.

Patrick J. Cleary
President & CEO