

Disclaimer: This Guide to PUA and PPP for Freelance Translators and Interpreters should not be construed as professional financial or legal advice, and no warranty, implied or expressed, is assumed for the accuracy or applicability of any information contained therein. It should not be relied on to make financial or other decisions affecting your business or your personal situation. Before taking any financial decisions, please always consult a professional adviser, e.g., your CPA or bank, to establish whether a particular program will suit your particular circumstances.

Background: In response to the economic crisis resulting from the Covid-19 pandemic, the U.S. Federal Government launched a number of programs to help businesses and individuals who would not normally be eligible for emergency funding or unemployment benefits. Two of these programs are potentially interesting for freelance translators and interpreters, who may be eligible for support under at least one of the programs. Information on these programs is summarized in the following and is based on posts in the ATA Business Practices newsgroup.

Pandemic Unemployment Assistance (PUA):

If you or a member of your household have been diagnosed with Covid-19, you may be eligible for PUA program support. There are also other “personal” criteria that might apply. In other cases:

Translators are unlikely to be eligible for PUA because they have a job that can be performed remotely from home.

Interpreters might be eligible for PUA if they are an in-person interpreter and the place or places they work (e.g., courts, conferences, etc.) are closed. They are unlikely to be eligible if they are an OPI, VRI, or RSI translator because these are activities they can perform from home.

PUA basically pays the standard unemployment benefits in the claimant’s state of residence, which vary considerably by state in terms of both the weekly amount payable (from \$235 to \$1,234) and the number of weeks for which benefits are paid (from 12 to 26). Eligible claimants may also be entitled to receive the \$600 per week federal top-up payment under the CARES Act.

More information here: <https://www.dol.gov/newsroom/releases/eta/eta20200405>

and from the state agencies responsible for processing claims for unemployment benefits.

Paycheck Protection Program (PPP):

The PPP is available for small businesses, sole proprietorships, independent contractors, or other self-employed persons, including freelance translators and interpreters. It is designed to provide up to ten weeks’ average payroll to cover payroll expenses (net income in the case of most freelancers), rental or mortgage payments, and utilities. If at least 75% of the loan is used for payroll, it becomes forgivable (meaning that it does not have to be repaid). Documentary evidence of how the loan has been used must be produced for it to become forgivable

The first round of the PPP opened on April 3, 2020, with the available funding being exhausted by April 17, 2020 at the latest. As a result, no funding was available for hundreds of thousands of applications, mainly from very small businesses, sole proprietorships, and self-employed persons. You might have read in the media about PPP loans going to large public companies, many of which decided to repay the loans following adverse publicity and comments by the

Treasury Secretary. Nevertheless, it was absolutely clear that the amount originally earmarked for PPP loans was wholly inadequate, so Congress approved a second round of PPP funding on April 23, 2020. As it is foreseeable that this round of funding will also be exhausted quickly, interested translators and interpreters should file their application without delay.

You cannot apply directly to the Small Business Administration (SBA). The application has to be made through an SBA-approved bank. You should normally apply through the bank where you maintain your business checking/deposit account, but experience to date shows that larger banks in particular are struggling to process all the applications they have received. In this case, it might be worthwhile trying to apply through a small local or regional bank, even if you don't already have an account with them. However, remember that they will have to do due diligence first (know your customer/anti-money laundering) and they may not have the staff resources available to do that at the moment. But that should not stop you from trying!

If you are an S-Corp/C-Corp, you will need to provide your 2019 forms 940 and 941, and possibly your Q1/2020 form 941 as well. If you are not an S-Corp/C-Corp, which is the case for the overwhelming majority of freelance translators and interpreters, you will need to produce documentary evidence of your average net income from self-employment. The best way to do that, of course, is your 2019 income tax return (Schedule C, line 31). If you haven't filed it yet, the bank might accept your 2019 accounts, e.g., in the form of a cash-basis income statement, which you would then have to self-certify as being accurate. However, some banks may insist on your 2019 tax return. Unfortunately, it is not possible to state with any certainty exactly which documentation any particular bank may require, so the above information is merely indicative.

Press reports also indicate that "fintechs" are willing to process PPP loan applications. According to information posted in the ATA Business Practices newsgroup, they include Kabbage, an online lender that has teamed up with a bank, NorthOne, a digital bank that funds its loans through Radius Bank, and Fountainhead and Ready Capital, two nonbank lenders already approved to make SBA loans.

Another question that has arisen is if you can apply for both PPP and unemployment benefits. It appears that this is not possible. The reason is that PPP is only available to employers (even if you yourself are the only employee) to keep paying their employee payroll, and unemployment benefit is only available to employees who have been made redundant or furloughed. You can't be both an employee still being paid and unemployed/furloughed at the same time!

Overall, it appears that PPP will be the appropriate option for translators and (most) interpreters.

More information about the PPP is available on the SBA's website here:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

and from banks and other financial institutions.

What other assistance programs are available? Check out the SBA's website for an overview of other funding programs available to small businesses, including Economic Injury Disaster Loan Emergency Advances (though this program has apparently now run out of funding)

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>