



# Multinational Companies Eligible for Paycheck Protection Program

**UPDATE:** [Updated Guidance Regarding Multinational Companies and Paycheck Protection Program Loans](#)

Everyone is wondering how the [Paycheck Protection Program \(PPP\)](#) eligibility rules will impact multinational companies. The short answer: multinational companies are eligible.

The key is the interaction of the affiliate rules and the limit of 500 employees. These affiliate rules ostensibly include foreign affiliates as there is not an exclusion of foreign affiliates. According to the Interim Final Rule announced Thursday, "You are eligible for a PPP loan if you have 500 or fewer employees whose principal place of residence is in the United States."

So even though the affiliate rules in the SBA's regulations would look to foreign affiliates, it is doubtful that these foreign affiliates would have employees whose principal place of residence is in the United States. A foreign affiliate having employees with a principal place of residence in the United States would be bad tax planning, but that is another issue for another day.

Suppose, for example, that a foreign affiliate is a holding company of a worldwide group of companies and owns a U.S. subsidiary that employs 350 individuals. The affiliate rules would look to all of the worldwide group as affiliates, but include only the employees who have a principal place of residence in the United States. Assuming the affiliates do not have more than 150 individuals with a principal place of residence in the United States, the U.S. subsidiary should be eligible for a PPP loan.

In a previously sample application that the SBA issued, it indicated ineligibility based on foreign ownership. Oddly, there is nothing in the CARES Act that prohibits foreign ownership and the SBA issued a revised sample application that does not include anything indicating ineligibility based on foreign ownership.

This analysis would similarly apply to a U.S. parent of a worldwide group. For example, suppose that a U.S. parent company owns subsidiaries in five foreign countries and employs 400 individuals, but none of the foreign subsidiaries have employees whose principal residence is in the United States. The U.S. parent

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company would be eligible for a PPP loan.

The example scenarios above address some of the areas that multinational companies need to be aware of when wondering if they are eligible for a PPP loan. If you have questions about whether or not your business qualifies for a PPP loan, please call [Rob Misey](#) or your Reinhart attorney.

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