

TAX AND WEALTH ADVISOR ALERT: NEW COVID RELIEF BILL SAYS EXPENSES PAID WITH FORGIVEN PPP LOANS ARE DEDUCTIBLE

Late Monday, Congress passed a \$900 billion COVID-19 relief bill that includes a provision that allows business owners to claim tax deductions for expenses covered by Paycheck Protection Program (PPP) loan proceeds. The bill goes to President Donald Trump today, who is expected to sign it into law.

Among other tax provisions, the bill specifies that business expenses paid with forgiven PPP loans are tax-deductible. This supersedes IRS guidance (as we previously discussed [here](#)) that such expenses could not be deducted and brings the policy in line with what the American Institute of Certified Public Accountants (AICPA) and hundreds of other business associations have argued was Congress's intent when it created the original PPP as part of the \$2 trillion CARES Act.

This congressional action is sure to provide a significant tax benefit for many small business owners who had availed themselves of the PPP program and found themselves saddled with unexpected tax liabilities.

O'Neil, Cannon, Hollman, DeJong and Laing remains open and will continue to monitor federal and state law tax changes. For questions or further information relating to taxation under the CARES Act and the new relief bill, please contact Attorney [Britany E. Morrison](#).