Expenses Paid for with PPP Loan Funds are Now Deductible

December 28, 2020

After many months of debate and consternation, Congress has finally overridden the guidance issued by the IRS and Secretary Mnuchin regarding deducibility of expenses paid for with PPP loan funds.

The Relief Act states "no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied, by reason of the exclusion from gross income provided by" Section 7A of the Small Business Act (formerly Section 1106 of the CARES Act). In other words, the PPP expenses that were paid with the proceeds of a forgiven loan will be tax deductible for federal income tax purposes.

The Anchin COVID-19 Resource Team continues to monitor ongoing updates to the PPP Program. To better understand how the changes impact your unique situation, please contact your Anchin Relationship Partner or our Anchin COVID-19 Resource Team at COVID19@anchin.com.

Disclaimer: Please note this is based on the information that is currently available and is subject to change.