

New Jersey Follows Federal Tax Treatment of PPP Loans

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New Jersey Governor Phil Murphy and State Treasurer Elizabeth Maher Muoio have announced that federal Paycheck Protection Program (PPP) loans will receive the same beneficial tax treatment in New Jersey as they do at the federal level. Following the federal government's lead, PPP loans will be tax exempt for New Jersey state income tax purposes, and those who received the loans can also deduct business expenses paid for with the money from these tax-exempt loans.

To date, New Jersey taxpayers have received over 155,000 PPP loans totaling more than \$17 billion dollars. Conforming to the federal tax treatment does not require new legislation, the announcement explained. Accordingly, expenses related to the PPP loans will be deductible for both Gross Income Tax and Corporation Business Tax purposes, and the forgiven loans will be excluded from being subject to tax under these two tax regimes as well.

If you have questions regarding how your PPP loan impacts your state tax obligations, please contact Alan Goldenberg, Leader of Anchin's State and Local (SALT) group at alan.goldenberg@anchin.com or your Anchin Relationship Partner.