



KROST

NEWS UPDATE

Dear Client,

Many taxpayers, for whatever reason, do not like to file for an extension on their income tax returns. Contrary to popular belief, there is no added audit risk to filing an extension, but it may be advantageous for you to do so, given the circumstances.

As the law currently stands, California does not conform to the Consolidated Appropriations Act (CAA). Therefore, taxpayers are not allowed to claim deductions for expenses paid with forgiven PPP loan proceeds. California AB 281 has been introduced with the legislative intent to adopt conformity to CAA. As such, we will suggest all California businesses who obtained PPP loans to file for an extension until we know if this legislation will be enacted.

Please feel free to contact your tax team if you have questions or would like to file for an extension.

We appreciate your help. Everyone at KROST thanks you for allowing us to serve you. Happy Tax Season!

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Sincerely,

KROST CPAs & Consultants

Please feel free to contact us if you have any questions or concerns.

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