



Dear Client,

Nothing is ever easy. As you may know by now, the PPP program was implemented by the federal government to combat the economic impact of COVID-19. Many of you have received funds to help you until we can go back to business as usual. The federal government also recently clarified that not only can the loan be forgiven (if used for the proper purposes), but it could also have no impact on taxable income for 2020. Once you have had the loan forgiven, filing your federal returns should not be affected by the PPP assistance you received.

California and other states are not so accommodating (at least not yet). For example, CA is currently considering a bill that will allow the deduction of expenses incurred by companies on up to \$150,000 of PPP funds use for the proper purpose. Unfortunately, we are still waiting on the passage of this legislation.

» [View the current AICPA PPP State Tax Treatment Chart*](#) (as of Feb. 24, 2021)

*subject to change

If this uncertainty applies to you, our team will reach out to you to discuss how to proceed. For most of you, extending is the right option.

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

CONTACT US

KROST, 225 S Lake Ave, Suite 400, Pasadena, CA 91101

[Manage preferences](#)