

## House OKs Paycheck Protection Program extension

The House of Representatives voted 415-3 on March 16 to approve legislation that would give eligible businesses an additional two months to apply for a Paycheck Protection Program (PPP) loan. The PPP Extension Act of 2021 (H.R. 1799) was moved under an expedited procedure known as “suspension of the rules,” which requires a two-thirds majority vote for passage.

**URL:** <https://docs.house.gov/billsthisweek/20210315/BILLS-117hr1799-SUS.pdf>

The measure would extend the application deadline for PPP loans through May 31, 2021, and then provide an additional 30 days (through June 30) for the Small Business Administration to process applications that are still pending.

The PPP was originally enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) to provide forgivable loans (under certain conditions) to small businesses suffering economic disruptions related to the COVID-19 pandemic. Loan proceeds are to be used largely for payroll, along with rent, utilities, and certain other expenses.

The program was most recently extended – through March 31, 2021 – in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the omnibus tax-and-spending legislation that was signed into law on December 27 of last year. The omnibus package also enhanced the PPP by, among other things, clarifying that forgiven debt is excludable from gross income and that the exclusion will not result in a denial of business deductions, a reduction of tax attributes, or a denial of an increase in tax basis; allowing certain hardest-hit small businesses to receive a second forgivable loan; and expanding the list of forgivable expenses. It also provides that employers who receive Paycheck Protection Program loans may still qualify for the CARES Act’s employee retention tax credit with respect to wages that are not paid for with forgiven PPP proceeds. (For additional details, see *Tax News & Views*, Vol. 21, No. 55, Dec. 21, 2020.)

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/201221\\_1.html](https://newsletters.usdbriefs.com/2020/Tax/TNV/201221_1.html)

### On to the Senate

The bill now heads to the Senate, where similar legislation (S. 721) was introduced on March 11 by Small Business and Entrepreneurship Committee Chairman Ben Cardin, D-Md., and Sens. Susan Collins, R-Maine, and Jeanne Shaheen, D-N.H. A vote on S. 721 is expected during the week of March 22.

### New guidance released

In other developments, the Small Business Administration on March 18 released updated guidance reflecting changes to the PPP that were enacted in the 2020 year-end omnibus legislation.

**URL:** <https://www.sba.gov/sites/default/files/2021-03/SBAPPIFRARP%203.17.21%20%28FINAL%29-508.pdf>

— Michael DeHoff  
Tax Policy Group  
Deloitte Tax LLP

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