

Paycheck Protection Program extension clears Senate, heads to White House

The Senate on March 25 approved 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) passed on a bipartisan vote of 92-7. It was overwhelmingly approved in the House of Representatives on March 16 and now heads to the White House for President Biden's expected signature.

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The PPP was originally enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) to provide forgivable loans to certain small businesses suffering economic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 package 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 increase in tax basis; allowing certain hardest-hit small businesses to receive a second forgivable loan; expanding the list of forgivable expenses; and providing that employers who receive PPP 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

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