

Paycheck Protection Program extension becomes law

President Biden on March 31 signed into law legislation giving eligible businesses an additional two months to apply for a Paycheck Protection Program (PPP) loan. The PPP Extension Act of 2021 (H.R. 1799) cleared the Senate by a bipartisan vote of 92-7 on March 25 and was approved in the House of Representatives several days earlier by a vote of 415-3.

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

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

The PPP was originally enacted last year in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) to provide forgivable loans to certain small businesses suffering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 had been 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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