



PPP Loan Forgiveness Expenses Not Deductible

Yesterday the IRS issued new guidelines around Notice 2020-32 which clarify that those expenses incurred which relate to the loan forgiveness under the Paycheck Protection Plan (PPP) **are not deductible expenses**. This matter was not specifically addressed when the CARES Act was released. As a result, the IRS issued the statement to make it clear that since the loan forgiveness is not taxable income the related expenses should not be deductible. This new notice reinforces Section 265 of the IRS code which prevents double tax benefits.

WHAT SHOULD I DO NOW?

Once a loan is received from the PPP program, businesses need to be strategic about how to bring employees back, how to spend the funds, and how to ensure you receive the maximum amount of loan forgiveness. Here are a few planning points we suggest; [Click here to read more.](#)

KatzAbosch will continue to provide additional in-depth updates around this matter. In the meantime, if you have questions or concerns on how any of the new provisions or available funding may impact your situation, please contact your KatzAbosch representative, or contact us by [clicking here](#)

This update brought to you by: *Your trusted advisors at KatzAbosch*