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## **IRS Releases Guidance on PPP Loan Forgiveness**

The IRS has provided guidance on how loan forgiveness will work for the \$659 billion in Paycheck Protection Program (PPP) loans from the two allocations made by Congress to the Small Business Administration (SBA).

While coverage on how to apply for PPP loans was extensive, little was reported on how the forgiveness would play out until IRS Notice 2020-32 brought clarity to the program. Most notably, the IRS has confirmed that employers cannot claim tax deductions for expenses that would typically be fully deductible such as wages and rent.

PPP loans are available for employers with fewer than 500 employees of up to \$10 million at 1% interest to cover expenses like payroll and overhead for eight weeks after loan issuance. For forgiveness of most or all of the loan, employers must not cut workers or wages, and loan forgiveness must be specifically requested to the lender with supporting, certifiable documentation. Acceptable expenses for forgiveness include payroll (capped at \$100,000 per employee), mortgage interest, rent, and utilities.

Loan forgiveness is reduced if the number of full-time employees decreases and/or wages or salaries are decreased by more than 25% for employees making less than \$100,000 in 2019.

Employers cannot double-dip with the CARES Act employee retention tax credit program.

Contact us for assistance with understanding your tax credit and PPP loan options.