

NIESAR & VESTAL LLP

Law Alert

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Assembly Bill No. 1577 conforms California treatment of PPP loan forgiveness to federal law

On September 9, 2020, Governor Gavin Newsom approved Assembly Bill No. 1577, which conforms California treatment of Paycheck Protection Program (PPP) loan forgiveness to federal law.

The Bill excludes from taxable income any cancellation of debt income arising from PPP loan forgiveness. The amount forgiven is not treated as income to the employer.

However, amounts paid with forgiven PPP loan funds cannot be claimed as deductions by California taxpayers.

If you have any questions regarding the above-mentioned Bill or its application, please feel free to contact Gerald Niesar (gniesar@nvlawllp.com) or Carolina Aricu (caricu@nvlawllp.com).

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