



July 20, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

**RE: Recommendations for Phase Four Federal Legislation Addressing COVID-19
(Coronavirus) Pandemic**

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi, and Minority Leader McCarthy:

The American Institute of CPAs (AICPA) thanks you for your continuous efforts to advance policy solutions that support American individuals and families, businesses and nonprofits, and local communities during this historic crisis. As trusted advisors to business, nonprofit, and governmental clients, CPAs are keenly aware of the unprecedented pandemic-related challenges facing the American economy and its workforce. To help Americans weather the pandemic's financial impact, the accounting profession and the AICPA have been tirelessly working to improve public understanding of how key provisions in coronavirus relief legislation can be utilized to support small businesses and bolster our economic recovery

While the federal government's efforts to date have blunted economic decline, the recent resurgence of reported coronavirus cases and the resulting economic impact highlight the urgent need for additional relief and recovery provisions – particularly those that assist small employers and their employees. As you work to find bipartisan consensus on the next phase of federal coronavirus legislation, the AICPA urges you to take the following recommendations into consideration for inclusion in that package.

1. Allow Full Deductions for Paycheck Protection Program (PPP) Related Business

Expenses: On April 30, 2020, the Internal Revenue Service (IRS) released Notice 2020-32, which contradicted congressional intent by declaring that no tax deduction is allowed for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a PPP covered loan. To uphold Congress' intent that PPP recipients receive the full benefit of the loan, we support bipartisan legislation clarifying that receipt and forgiveness of coronavirus assistance

through the PPP does not affect the deductibility of ordinary business expenses.¹ PPP recipients, particularly the smallest businesses, cannot afford to be surprised with a tax bill on their PPP loan expenses next year. Nearly a quarter of U.S. Senators support *S. 3612, the Small Business Expense Protection Act of 2020*, and we urge you to include this important legislation in the upcoming package.

2. Provide Information and Tools to Further Simplify PPP Loan Forgiveness Application Process:

In response to concerns about PPP loan forgiveness application complexity, the U.S. Small Business Administration (SBA) and the Department of the Treasury release of an EZ forgiveness application was an important step in simplifying the PPP forgiveness process. As PPP recipients reach the end of their covered loan periods, it is critical that all borrowers have access to key guidance from the SBA and Treasury as well as tools to easily determine and apply for the forgiven amount. The popularity of the AICPA's free, publicly accessible loan forgiveness calculator, which was developed in consultation with an AICPA-led small business funding coalition and is designed to achieve a common understanding around the complex calculations required, makes clear the importance of providing easy-to-use and easy-to-access tools to calculate forgiveness.² We support bipartisan, bicameral legislation (*H.R. 7413 / S. 4171, the Calculate PPP Forgiveness Act of 2020*) that would require the SBA and Treasury to provide or certify free, publicly accessible PPP loan forgiveness calculators, and we urge you to include this important legislation in the upcoming package.³

3. Remove Unnecessary and Unfair Tax Obstacles to Remote Work:

The AICPA has long supported legislation to simplify complex tax reporting rules employers and employees face as a result of numerous state income tax laws and varying de minimis exemptions when employees work outside their home states. With health care workers selflessly traveling out of state to treat coronavirus patients and more employees working from home in a state different than their place of employment, the serious tax implications for mobile workers – and their employers – must be addressed now. We support bipartisan legislation, *S. 3995, the Remote and Mobile Worker Relief Act of 2020*, which reaches a reasonable balance between states' rights to tax income from work

¹ See May 6, 2020 AICPA letter of support for *S. 3612, the Small Business Expense Protection Act of 2020*, at <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20200506-aicpa-letter-of-support-for-coronavirus-s-3612-small-business-expense-protection-act-of-2020.pdf>

² AICPA and its business and technology arm, CPA.com, have launched a new, online PPP loan forgiveness platform, [PPPForgivenessTool.com](https://pppforgiveness.com), which automates the forgiveness process for small business owners who received funds from the PPP. The dynamic platform incorporates the PPP forgiveness calculator created by the AICPA in May and is available for free to any business approved for a PPP loan, regardless of the lender or bank they worked with to receive funding.

³ See June 29, 2020 AICPA Press Release, AICPA Applauds “*Calculate PPP Forgiveness Act of 2020*,” at <https://www.aicpa.org/press/pressreleases/2020/aicpa-applauds-ppp-forgiveness-act-as-positive-step-for-small-business-recovery.html>

performed within their borders, and the needs of individuals and businesses, especially small businesses, to operate efficiently in this economic climate.⁴

4. Allow Section 501(c)(6) Associations and Organizations Access to PPP: Local trade and professional associations organized under section 501(c)(6) of the Internal Revenue Code are currently ineligible for assistance through the PPP. While AICPA members serve many areas of practice, a significant percentage serve section 501(c)(6) associations and organizations – many of which are small, state-based, and regional entities suffering from event cancellations and reduced meeting attendance. These organizations, which include state CPA societies, deserve assistance to help keep their workers employed. We appreciate the strong bipartisan congressional support on this issue, and we urge you to include language allowing section 501(c)(6) associations and organizations access to the PPP in the upcoming package.

5. Provide Additional Federal Fiscal Relief to State and Local Governments: Increases in reported coronavirus infections and deaths in different parts of the country highlight how the virus is not yet controlled and could cause states to appropriately reimpose restrictions on individuals and businesses. This trend would only worsen projected state budget shortfalls for the current state fiscal year and future years. Without appropriately targeted federal assistance, those shortfalls could trigger new state taxes on many already-struggling small businesses in order to close budget gaps. CPAs, particularly those serving governmental entities and small businesses, have sounded the alarm on the urgent need for more direct federal aid to states and localities to keep our economic recovery on track. To that end, we urge you to include meaningful federal aid for state and local governments in the upcoming package.

6. Adopt New Coronavirus-Related Liability Provisions: As businesses, nonprofits, and public services reopen or restart, we are concerned about a wave of meritless coronavirus-related lawsuits against employers trying their best to operate safely in an uncertain environment. Employers and employees must both feel safe and confident about returning to work, and new temporary and targeted liability protections that do not dampen key worker protections will be an important piece of the upcoming package.

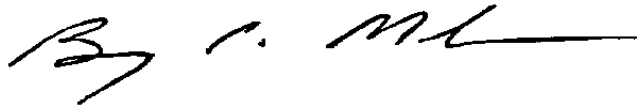
The AICPA is the world's largest member association representing the CPA profession, with more than 431,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for its members and U.S. auditing standards for private companies, nonprofit organizations, and federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized

⁴ See June 18, 2020 AICPA letter of support for *S. 3995, Remote and Mobile Worker Relief Act of 2020*, at <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20200618-aicpa-letter-supporting-mobile-workforce.pdf>

credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.

We appreciate your consideration and welcome the opportunity to discuss these recommendations further. If you have any questions, please contact Lauren Pfungstag, AICPA Director - Congressional and Political Affairs, at (407) 257-0607 or lauren.pfungstag@aicpa-cima.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry C. Melancon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Barry C. Melancon, CPA, CGMA
President & CEO