

## Paycheck Protection Program (PPP) State Tax Treatment Chart

**Purpose of chart:** Use this chart to determine whether states treat Paycheck Protection Program (PPP) loan forgiveness as taxable income. Also, use this chart to determine whether a state allows the deductibility of expenses paid with PPP loan amounts as provided for federal tax purposes by the Consolidated Appropriations Act, 2021 (CAA).

*This chart is populated with the most current information known as of the revision date indicated at the bottom of this page and is continuously updated as more state guidance is released.*

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Alabama</b>	Not taxable.  Alabama explicitly conforms to the federal gross income exclusion for PPP loan forgiveness income.  <a href="#">21<sup>st</sup> Supplemental Emergency Proclamation</a>  <a href="#">HB 170</a> (L. 2021 1 § 3) enacted and provides for an exemption from tax indebtedness income resulting from a forgiven PPP loan.	Deductible.  Alabama explicitly conforms to the federal allowance of deductions for otherwise deductible expenses funded with exempt loan proceeds.  <a href="#">21<sup>st</sup> Supplemental Emergency Proclamation</a>  <a href="#">HB 170</a> (L. 2021 1 § 3) enacted and provides for the deduction of expenses related to a forgiven PPP loan.
<b>Alaska*</b>	Specific guidance has not been issued.  Alaska adopts the current Internal Revenue Code (IRC).  <a href="#">Alaska Stat. § 43.20.021(a); Alaska Stat. §43.20.300(a); Alaska Stat. §43.20.340(5)</a>	Specific guidance has not been issued.  Alaska adopts the current IRC.  <a href="#">Alaska Stat. § 43.20.021(a); Alaska Stat. §43.20.300(a); Alaska Stat. §43.20.340(5)</a>
<b>Arizona</b>	Not taxable.  Arizona does not treat PPP loan forgiveness as taxable income.  <a href="#">S.B. 1752</a>	Deductible.  Arizona permits the deductibility of expenses paid with forgiven PPP loan proceeds.  <a href="#">S.B. 1752</a>
<b>Arkansas</b>	Not taxable.  Arkansas does not treat PPP loan forgiveness as taxable income.  <a href="#">Act 248; Ark. Code Ann. § 26-51-404(b)(33)</a>	Deductible.  Arkansas permits the deductibility of expenses paid with forgiven PPP loan proceeds.  <a href="#">Act 248; Ark. Code Ann. § 26-51-404(b)(33); Ark. Code Ann. § 26-51-404(b)(35)(A)</a>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
California	<p>Not taxable (for loans made before March 31, 2021).</p> <p><a href="#">February 2021 Tax News, Paycheck Protection Program (PPP) Loan Forgiveness; AB-1577</a></p> <p><a href="#">AB-80</a> excludes forgiven PPP loans from gross income. These tax benefits are for tax years beginning on or after Jan. 1, 2019, to ensure that all fiscal year filers are captured.</p> <p>The Paycheck Protection Program Extension Act (PPPEA) (Public Law 117-6) was enacted on March 30, 2021 and extended the covered period of the PPP from March 31, 2021 through June 30, 2021. California law does not conform to this extension and does not allow an exclusion from income for PPP loans made after March 31, 2021.</p> <p><a href="#">Paycheck Protection Program (PPP) loan forgiveness</a></p> <p><a href="#">Cal. Rev. &amp; Tax. Cd. § 17131.8; Cal. Rev. &amp; Tax. Cd. § 24308.6</a></p>	<p>Deductible (with limitations).</p> <p><a href="#">February 2021 Tax News, Paycheck Protection Program (PPP) Loan Forgiveness</a></p> <p><a href="#">AB-80</a> conforms state law to federal law to allow deductions for those expenses that were paid for using forgiven PPP loan funds. However, two types of entities are excluded from deducting expenses paid for with forgiven PPP loans: entities that are publicly traded companies and taxpayers that did not experience at least a 25% reduction in gross receipts, as specified by federal law. These tax benefits are for tax years beginning on or after Jan. 1, 2019, to ensure that all fiscal year filers are captured.</p> <p><a href="#">Paycheck Protection Program (PPP) loan forgiveness</a></p> <p><a href="#">Cal. Rev. &amp; Tax. Cd. § 17131.8; Cal. Rev. &amp; Tax. Cd. § 24308.6</a></p>
Colorado	<p>Not taxable.</p> <p>Covered loans excluded from federal taxable income will be similarly excluded from Colorado taxable income.</p> <p><a href="#">CARES Act Paycheck Protection Program (PPP) Loans</a></p> <p>Colo. Rev. Stat. § 39-22-304(1); Colo. Rev. Stat. § 39-22-103(5.3)</p>	<p>Deductible for tax years ending on and after Dec. 27, 2020 and future taxable years.</p> <p>Colorado will allow the federal deduction for expenses paid with proceeds of forgiven PPP loans for tax years ending on and after Dec. 27, 2020 and future taxable years.</p> <p><a href="#">CARES Act Paycheck Protection Program (PPP) Loans</a></p> <p>Colo. Rev. Stat. § 39-22-304(1); Colo. Rev. Stat. § 39-22-103(5.3)</p>
Connecticut	<p>Not taxable.</p> <p>Loan forgiveness is not subject to Connecticut income tax.</p> <p><a href="#">OCG-10, Office of the Commissioner Guidance regarding the CARES Act</a></p>	<p>Deductible.</p> <p>To the extent that the expense deductions decrease federal adjusted gross income, they will similarly decrease Connecticut adjusted gross income for both individual and corporate business tax purposes.</p> <p><a href="#">OCG-10, Office of the Commissioner Guidance regarding the CARES Act</a></p> <p>Conn. Gen. Stat. § 12-701(a)(16)</p>
Delaware	<p>Specific guidance has not been issued.</p> <p>Delaware adopts the current IRC.</p> <p><a href="#">Del. Code Ann. 30 § 1101; Del. Code Ann. 30 § 1901(10); Del. Code Ann. 30 § 1903</a></p>	<p>Specific guidance has not been issued.</p> <p>Delaware adopts the current IRC.</p> <p><a href="#">Del. Code Ann. 30 § 1101; Del. Code Ann. 30 § 1901(10); Del. Code Ann. 30 § 1903</a></p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
District of Columbia	<p>Not taxable.</p> <p>District gross income does not include PPP loans that are awarded and subsequently forgiven tied to the CARES Act. Currently, no statutory exclusion specifically exists for PPP loans awarded and forgiven under CAA, which applies to new PPP loans disbursed through the March 31, 2021 covered period. DC, however, may conform because of its "rolling conformity" with the IRC and the starting point for calculating District taxable income is federal gross income.</p> <p><a href="#">OTR Tax Notice 2021-04 District Treatment of Paycheck Protection Program (PPP) Loans</a></p> <p>D.C. Code Ann. § 47-1801.04(28); D.C. Code Ann. § 47-1803.02(a); D.C. Code Ann. § 47-1803.02(a)(2)(GG)</p>	<p>Deductible.</p> <p>To the extent that deductions for expenses paid using PPP loans are allowed by the IRC, the deductions will also be allowed to determine a taxpayer's District taxable income.</p> <p><a href="#">OTR Tax Notice 2021-04 District Treatment of Paycheck Protection Program (PPP) Loans</a></p> <p>D.C. Code Ann. § 47-1801.04(28); D.C. Code Ann. § 47-1803.02(a); D.C. Code Ann. § 47-1803.02(a)(2)(GG)</p>
Florida*	<p>Not taxable.</p> <p>PPP loan forgiveness is excluded from Florida corporate income tax.</p> <p>Fla. Stat. § 220.03(1)(n)</p>	<p>Deductible.</p> <p>Because Florida conforms to the IRC as updated by the federal CAA, Florida allows the federal deduction for expenses paid with proceeds of forgiven PPP loans.</p> <p>Fla. Stat. § 220.03(1)(n)</p>
Georgia	<p>Not taxable.</p> <p><a href="#">H.B. 265</a> was signed by the Governor.</p> <p>Georgia does not treat PPP loan forgiveness as taxable income. Georgia's federal conformity date is March 11, 2021</p> <p><a href="#">Income Tax Federal Tax Changes (12/13/2021)</a></p> <p>Ga. Code Ann. § 48-1-2(14)</p>	<p>Deductible.</p> <p><a href="#">H.B. 265</a> was signed by the Governor.</p> <p>Georgia's federal conformity date is March 11, 2021 which includes the CAA, so Georgia allows a deduction for expenses paid with proceeds of forgiven PPP loans.</p> <p><a href="#">Income Tax Federal Tax Changes (12/31/2021)</a></p> <p>Ga. Code Ann. § 48-1-2(14)</p>
Hawaii	<p>Not taxable.</p> <p>Hawaii does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">Hawaii Tax Information Release No. 2020-06 (revised), Oct. 20, 2020</a></p> <p>Haw. Rev. Stat. § 235-2.3(a)</p>	<p>Not deductible.</p> <p>Hawaii conforms to the IRC as amended as of a specific date and has adopted the allowance of deductions for expenses paid with forgiven PPP loans provided by the CAA. However, Hawaii Department of Taxation guidance provides that if the expenses paid by the taxpayer entitle it to the PPP loan forgiveness, and the taxpayer has a reasonable expectation of forgiveness, the deductions are not allowed on the Hawaii return.</p> <p><a href="#">Hawaii Tax Information Release No. 2020-06 (revised), Oct. 20, 2020</a></p> <p>Tax Information Release (TIR) No. 2021-03 was superseded by <a href="#">TIR No. 2021-05</a></p> <p>Haw. Rev. Stat. § 235-2.3(a)</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
Idaho	<p>Not taxable.</p> <p>Idaho does not treat PPP loan forgiveness as taxable income.</p> <p>For tax years that began during 2020, Idaho's conformity date was Jan. 1, 2020 and did not include amendments made by the CARES Act or CAA that treat PPP loan forgiveness income as nontaxable income. However, the Idaho Legislature and the Idaho State Tax Commission indicate that PPP loan forgiveness income is also not taxable in 2020.</p> <p><a href="#">Statement of Purpose for H251, Idaho Legislature, 02/25/2021</a></p> <p><a href="#">Press Release: New law changes what pandemic-related income is taxable, Idaho State Tax Comm'n., 03/22/2021</a></p> <p>Idaho Code § 63-3004</p>	<p>Deductible.</p> <p>Idaho permits the deductibility of expenses paid with forgiven PPP loan proceeds.</p> <p>Note that for tax years that began in 2020, Idaho's conformity date was Jan. 1, 2020; thus, it does not include amendments made by the CARES Act or CAA. To the extent PPP loan forgiveness may have been treated as taxable income for tax years beginning during 2020, otherwise deductible business expenses paid with proceeds from loans presumably remain deductible.</p> <p><a href="#">Statement of Purpose for H251, Idaho Legislature, 02/25/2021</a></p> <p><a href="#">Press Release: New law changes what pandemic-related income is taxable, Idaho State Tax Comm'n., 03/22/2021</a></p> <p>Idaho Code § 63-3004</p>
Illinois	<p>Not taxable.</p> <p>Illinois does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">How does a Federal Paycheck Protection Program loan affect my Illinois taxes?</a></p> <p>ILCS Chapter 35 § 5/1501(a)(11)</p>	<p>Deductible.</p> <p>Illinois provides a deduction for business expenses paid with proceeds of forgiven PPP loans.</p> <p><a href="#">How does a Federal Paycheck Protection Program loan affect my Illinois taxes?</a></p> <p>ILCS Chapter 35 § 5/1501(a)(11)</p>
Indiana	<p>Not taxable.</p> <p>Indiana does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">Indiana income tax frequently asked questions</a></p> <p><a href="#">Information Bulletin #119, Internal Revenue Code Provisions Not Followed by Indiana and Clarification of Related Issues, May 2021</a></p> <p>Ind. Code § 6-3-1-11</p>	<p>Deductible.</p> <p>Indiana permits the deductibility of expenses paid with forgiven PPP loan proceeds.</p> <p><a href="#">Indiana income tax frequently asked questions</a></p> <p><a href="#">Information Bulletin #119, Internal Revenue Code Provisions Not Followed by Indiana and Clarification of Related Issues, May 2021</a></p> <p>Ind. Code § 6-3-1-11</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Iowa</b>	<p>Not taxable.</p> <p>Iowa does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">Nonconformity to Retroactive Provisions of CARES Act of 2020</a></p> <p><a href="#">Iowa Nonconformity: The Federal Consolidated Appropriations Act of 2021</a></p> <p>Iowa Code § 422.3(5)</p>	<p>Deductible (tax years ending after March 27, 2020).</p> <p>For tax years ending after March 27, 2020, IA conforms to the federal tax treatment of PPP loan forgiveness and related qualifying expenses. Thus, PPP loan related expenses are deductible.</p> <p><a href="#">Nonconformity to Retroactive Provisions of CARES Act of 2020</a></p> <p><a href="#">Iowa Nonconformity: The Federal Consolidated Appropriations Act of 2021</a></p> <p>Iowa Code § 422.3(5)</p>
<b>Kansas</b>	<p>Specific guidance has not been issued.</p> <p>Kansas adopts the current IRC.</p> <p><a href="#">Kan. Stat. Ann. § 79-32,109(a)(1)</a></p>	<p>Specific guidance has not been issued.</p> <p>Kansas adopts the current IRC.</p> <p><a href="#">Kan. Stat. Ann. § 79-32,109(a)(1)</a></p>
<b>Kentucky</b>	<p>Not taxable.</p> <p>Kentucky has provided that PPP loans forgiven under the CARES Act, as well as PPP loans authorized under the CAA (i.e., first-draw PPP loans in 2021 and second-draw PPP loans) excluded from gross income for federal income tax purposes are also excluded for Kentucky income tax purposes.</p> <p><a href="#">Kentucky Covid-19 Tax Relief: Frequently Asked Questions</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.017(1)(c)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.039(1)(h)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.039(2)(c)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.019</a></p>	<p>Deductible.</p> <p><a href="#">HB. 278</a> was signed by the Governor on March 15, 2021; Kentucky conforms to allow deductions paid with proceeds from a forgiven loan under the PPP.</p> <p><a href="#">Ky. Rev. Stat. Ann. § 141.017(1)(c)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.039(1)(h)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.039(2)(c)</a>; <a href="#">Ky. Rev. Stat. Ann. § 141.019</a></p>
<b>Louisiana</b>	<p>Not taxable.</p> <p>The PPP loan forgiveness is not subject to Louisiana state income tax.</p> <p><a href="#">Louisiana DOR News Release, January 25, 2021</a>; <a href="#">Louisiana DOR News Release, February 11, 2021</a></p> <p>La. Rev. Stat. Ann. § 47:287.701</p>	<p>Specific guidance has not been issued.</p> <p>Louisiana adopts the current IRC.</p> <p>La. Rev. Stat. Ann. § 47:287.69 ; La. Rev. Stat. Ann. § 47:287.701(A)</p>
<b>Maine</b>	<p>Not taxable.</p> <p>The PPP loan forgiveness is not subject to Maine state income tax.</p> <p><a href="#">H.P. 155 - L.D. 220</a>; Me. Rev. Stat. Ann. 36 § 111(1-A)</p>	<p>Deductible.</p> <p>Expenses paid with forgiven PPP loans are deductible.</p> <p><a href="#">H.P. 155 - L.D. 220</a>; Me. Rev. Stat. Ann. 36 § 111(1-A)</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Maryland</b>	<p>Not taxable.</p> <p>Recipients of forgiven PPP loans are not required to pay taxes on the amount forgiven.</p> <p><a href="#">News release: Comptroller Franchot Announces Tax Season to Begin on February 12, January 21, 2021</a></p> <p><a href="#">SB496 (RELIEF Act) enacted; RELIEF Act Information</a></p> <p><a href="#">Tax Alert 04-07-Maryland Tax Alert 04-07-21, Maryland Impact of the Consolidated Appropriations Act (CAA) of 2021 21</a></p> <p>Md. Code Ann. Tax-Gen. § 10-108</p>	<p>Deductible.</p> <p>Because Maryland conforms to the IRC as updated by the federal CAA Maryland allows the federal deduction for expenses paid with proceeds of forgiven PPP loans.</p> <p><a href="#">Tax Alert 04-07-21 - Maryland Impact of the Consolidated Appropriations Act (CAA) of 2021</a></p> <p>Md. Code Ann. Tax-Gen. § 10-108</p>
<b>Massachusetts</b>	<p>Not taxable.</p> <p>For purposes of the corporate excise tax and personal income tax, any amount forgiven is excluded from Massachusetts gross income.</p> <p><a href="#">TIR 20-9: Massachusetts Tax Implications of Selected Provisions of the Federal CARES Act</a></p> <p><a href="#">Tax Filing Season Frequently Asked Questions</a></p> <p><a href="#">TIR 21-6: Tax Provisions in An Act financing a program for improvements to the Unemployment Insurance Trust Fund and providing relief to employers and workers in the Commonwealth</a></p> <p><a href="#">PPP and Coronavirus Relief Grant Funds FAQs, Mass. Dept. of Rev., 03/01/2021</a></p> <p><a href="#">TIR 22-2: Massachusetts Tax Implications of Selected Provisions of the Federal Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021</a></p> <p><a href="#">Mass. Gen. L. Chapter 62 § 1; Mass. Gen. L. Chapter 63 § 1</a></p>	<p>Deductible.</p> <p>If expenses are deductible on the federal return, they are also deductible on the Massachusetts return.</p> <p><a href="#">Tax Filing Season Frequently Asked Questions</a></p> <p><a href="#">TIR 21-6: Tax Provisions in An Act financing a program for improvements to the Unemployment Insurance Trust Fund and providing relief to employers and workers in the Commonwealth</a></p> <p><a href="#">PPP and Coronavirus Relief Grant Funds FAQs, Mass. Dept. of Rev., 03/01/2021</a></p> <p><a href="#">TIR 22-2: Massachusetts Tax Implications of Selected Provisions of the Federal Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021</a></p> <p><a href="#">Mass. Gen. L. Chapter 62 § 1; Mass. Gen. L. Chapter 63 § 1</a></p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Michigan</b>	<p>Not taxable.</p> <p>Forgiven PPP loans that are excluded from the computation of federal income tax are similarly excluded from the computation of the tax base under both the individual income tax and the corporate income tax.</p> <p><a href="#">Notice: Treatment of Paycheck Protection Program (PPP) Loans Under the Michigan Income Tax Act</a></p> <p><a href="#">Michigan Department of Treasury FAQs</a></p> <p>Mich. Comp. Laws Ann. § 206.4; Mich. Comp. Laws Ann. § 206.603(3); Mich. Comp. Laws Ann. § 206.30(1); Mich. Comp. Laws Ann. § 206.623(2); Mich. Comp. Laws Ann. § 208.1201(1); Mich. Comp. Laws Ann. § 208.1105(2)</p>	<p>Deductible.</p> <p>Business expenses paid for by PPP loans that are deductible at the federal level remain deductible in computing the Michigan tax base under the individual income tax and the corporate income tax.</p> <p><a href="#">Notice: Treatment of Paycheck Protection Program (PPP) Loans Under the Michigan Income Tax Act</a></p> <p>Mich. Comp. Laws Ann. § 206.4; Mich. Comp. Laws Ann. § 206.30(1); Mich. Comp. Laws Ann. § 206.603(3); Mich. Comp. Laws Ann. § 206.623(2); Mich. Comp. Laws Ann. § 208.1201(1); Mich. Comp. Laws Ann. § 208.1105(2)</p>
<b>Minnesota</b>	<p>Not taxable.</p> <p>On July 1, 2021, Minnesota Governor Tim Walz approved an omnibus tax bill that adopts selected federal tax changes enacted by Congress, including tax provisions affecting the PPP.</p> <p>The bill provides for Minnesota conformity to federal law provisions as enacted or amended through March 31, 2021 including the exclusion from gross income for loan forgiveness through the federal PPP.</p> <p><a href="#">L. 2021, H9 (1st S.S.) (c. 14); Tax Law Changes</a></p> <p>Minn. Stat. § 290.0111, Subd. 3</p>	<p>Deductible.</p> <p>The omnibus bill sign on July 1, 2021 provides for Minnesota conformity to federal law provisions as enacted or amended through March 31, 2021 including the allowance for businesses that received loan forgiveness through the PPP to deduct their associated expenses.</p> <p><a href="#">L. 2021, H9 (1st S.S.) (c. 14); Tax Law Changes</a></p> <p>Minn. Stat. § 290.0111, Subd. 4</p>
<b>Mississippi</b>	<p>Not taxable.</p> <p>Funds received under the PPP shall not be subject to tax.</p> <p><a href="#">S.B. 2772 (2020)</a></p> <p>Miss. Code Ann. § 27-7-15(4)(II); Miss. Code Ann. § 27-7-15(4)(mm)</p>	<p>Deductible.</p> <p>To the extent such payments are allowed as deductions for federal income tax purposes, those expenses are deemed to have been incurred in connection with earning and distributing taxable income, notwithstanding that such payments resulted in forgiveness of loans received.</p> <p><a href="#">H.B. 1446</a></p> <p>Miss. Code Ann. § 27-7-109; Miss. Code Ann. § 57-121-7(4)(d); Miss. Code Ann. § 27-7-17(5)</p>
<b>Missouri</b>	<p>Specific guidance has not been issued.</p> <p>Missouri adopts the current IRC.</p> <p><a href="#">Mo. Rev. Stat. § 143.091; Mo. Rev. Stat. § 143.431(1)</a></p>	<p>Specific guidance has not been issued.</p> <p>Missouri adopts the current IRC.</p> <p><a href="#">Mo. Rev. Stat. § 143.091; Mo. Rev. Stat. § 143.111; Mo. Rev. Stat. § 143.121; Mo. Rev. Stat. § 143.431(1)</a></p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Montana</b>	<p>Not taxable.</p> <p>Montana does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">Montana DOR Release: Paycheck Protection Program (PPP) debt cancellation not taxable, updated Jan. 26, 2021</a></p> <p>Mont. Code Ann. § 15-31-113</p>	<p>Deductible.</p> <p>Taxpayers may deduct expenses paid for with funds received from PPP loans in the calculation of Montana Adjusted Gross Income.</p> <p><a href="#">Montana DOR Release: Paycheck Protection Program (PPP) debt cancellation not taxable, updated Jan. 26, 2021</a></p> <p>Mont. Code Ann. § 15-31-113</p>
<b>Nebraska</b>	<p>Not taxable.</p> <p>Forgiven PPP loans are not included in taxable income for Nebraska purposes.</p> <p><a href="#">The Effects of the Coronavirus Aid, Relief, and Economic Security Act on the State Of Nebraska's Tax Revenue</a></p> <p><a href="#">FAQ: Are forgiven Paycheck Protection Program (PPP) loans included in taxable income?</a></p> <p>Neb. Rev. Stat. § 77-2714</p>	<p>Deductible.</p> <p>Expenses paid with forgiven PPP loans are deductible.</p> <p><a href="#">FAQ: May a business deduct expenses paid with proceeds from a loan forgiven under the PPP? Feb. 17, 2021</a></p> <p>Neb. Rev. Stat. § 77-2714</p>
<b>Nevada*</b>	N/A	N/A
<b>New Hampshire*</b>	<p>Not taxable.</p> <p>The New Hampshire Legislature has passed and Governor Sununu has signed into law Senate Bill 3 (Chapter 74, Laws of 2021) effective June 10, 2021, which amends the RSA 77-A Business Profits Tax (BPT). Under the business profits tax (BPT) the business income of a taxpayer received by reason of forgiveness of indebtedness issued or created under the federal PPP is excluded from gross business income.</p> <p><a href="#">TIR 2021-003 supplements and modifies TIR 2021-001.</a></p> <p>N.H. Rev. Stat. Ann. § 77-A:3-c</p>	<p>Deductible.</p> <p>The New Hampshire Legislature has passed and Governor Sununu has signed into law Senate Bill 3 (Chapter 74, Laws of 2021) effective June 10, 2021, which amends the RSA 77-A Business Profits Tax (BPT). Any qualified business expenses paid for with forgiven PPP loan proceeds continue to qualify as deductible business expenses.</p> <p><a href="#">TIR 2021-003 supplements and modifies TIR 2021-001.</a></p> <p>N.H. Rev. Stat. Ann. § 77-A:3-c</p>
<b>New Jersey</b>	<p>Not taxable.</p> <p><a href="#">Governor Murphy, Treasurer Muoio Announce Plan to Follow Federal Government's Lead to Enhance the Benefits of Paycheck Protection Program Loans</a></p> <p><a href="#">S3234</a> (approved P.L.2021, c.90) excludes forgiven PPP loans from gross income tax.</p> <p><a href="#">COVID-19 Information, Loan and Grant Information</a></p> <p><a href="#">New Jersey Division of Taxation Technical Bulletin No. GIT-11, 01/01/2022</a></p> <p>N.J. Rev. Stat. § 54:10A-4(k)</p>	<p>Deductible.</p> <p><a href="#">Governor Murphy, Treasurer Muoio Announce Plan to Follow Federal Government's Lead to Enhance the Benefits of Paycheck Protection Program Loans</a></p> <p><a href="#">S3234</a> (approved P.L.2021, c.90) allows expenses paid with forgiven PPP loans to be deducted.</p> <p><a href="#">COVID-19 Information, Loan and Grant Information</a></p> <p><a href="#">New Jersey Division of Taxation Technical Bulletin No. GIT-11, 01/01/2022</a></p> <p>N.J. Admin. Code § 18:35-1.1(d); N.J. Admin. Code § 18:35-1.1(d)(3); N.J. Rev. Stat. § 54:10A-4(k)</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>New Mexico</b>	<p>Not taxable.</p> <p>Not considered taxable income for New Mexico state income taxes or the gross receipts tax.</p> <p><a href="#">New Mexico B-100.37 Taxability of COVID Relief Payments</a></p> <p>NMSA 1978 § 7-2-2(J); NMSA 1978 § 7-2A-2(L)</p>	<p>Deductible.</p> <p>In New Mexico both personal and corporate income tax is based on reported federal income. New Mexico cites Revenue Ruling 2021-2 by the IRS that expense deductions from forgiven PPP loans were also allowable.</p> <p><a href="#">New Mexico B-100.37 Taxability of COVID Relief Payments</a></p>
<b>New York</b>	<p>Not taxable.</p> <p>New York follows the federal treatment. If the forgiven loan is excluded from federal adjusted gross income, it is also excluded from New York adjusted gross income.</p> <p><a href="#">New York state tax implications of the federal CARES Act</a></p> <p>N.Y. Tax Law § 208(9)(b); N.Y. Tax Law § 607</p>	<p>Deductible.</p> <p>New York follows the federal treatment. If the expenses related to the forgiven loan are deducted in computing federal adjusted gross income, these deductions are automatically excluded from New York adjusted gross income.</p> <p><a href="#">New York state tax implications of the federal CARES Act</a></p> <p>N.Y. Tax Law § 208(9)(b); N.Y. Tax Law § 607</p>
<b>North Carolina</b>	<p>Not taxable.</p> <p>North Carolina does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">Important Notice: North Carolina's Reference to the Internal Revenue Code Updated – Impact on North Carolina Corporate and Individual Income Tax Returns</a></p> <p><a href="#">Important Notice: Impact of Session Law 2021-180 on North Carolina Individual and Corporate Income Tax Returns</a></p> <p>N.C. Gen. Stat. § 105-228.90(b)(7); N.C. Gen. Stat. § 105-130.2(15); N.C. Gen. Stat. § 105-153.4(a)</p>	<p>Deductible (limited through 2022).</p> <p>The 2021 General Assembly retroactively amended § 105-130.5(a)(32) (for corporations) and § 105-153.5(c2)(20) (for individuals), delaying the State's decoupling adjustment. As amended, a taxpayer is not required to add to federal income the amount of otherwise deductible expenses paid with forgiven PPP loan proceeds until tax years beginning on or after Jan. 1, 2023.</p> <p><a href="#">Important Notice: Impact of Session Law 2021-180 on North Carolina Individual and Corporate Income Tax Returns</a></p> <p>N.C. Gen. Stat. § 105-130.5(a)(32); N.C. Gen. Stat. § 105-153.5(c2)(20)</p>
<b>North Dakota</b>	<p>Specific guidance has not been issued.</p> <p>North Dakota adopts the current IRC.</p> <p><a href="#">N.D. Cent. Code § 57-38-01(5); N.D. Cent. Code § 57-38-01(13)</a></p>	<p>Specific guidance has not been issued.</p> <p>North Dakota adopts the current IRC.</p> <p><a href="#">N.D. Cent. Code § 57-38-01(5); N.D. Cent. Code § 57-38-01(13)</a></p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Ohio*</b>	<p>Not taxable.</p> <p>For purposes of Ohio's personal income tax, the starting point for determining taxable income is federal AGI, determined under the IRC as amended and in effect on Feb. 17, 2022. Due to the federal starting point and conformity date, Ohio conforms to the federal exclusion for PPP loan forgiveness income.</p> <p><a href="#">Notice Concerning Ohio Conformity and Federal Conformity Adjustments (4/1/2021)</a></p> <p><a href="#">Conformity Updates (2/18/2022)</a></p> <p>Ohio Rev. Code Ann. § 5747.01(A) ; Ohio Rev. Code Ann. § 5701.11</p>	<p>Deductible.</p> <p><a href="#">Senate Bill 18</a> became effective March 31, 2021 and incorporates changes in the IRC since March 27, 2020.</p> <p><a href="#">Notice Concerning Ohio Conformity and Federal Conformity Adjustments</a></p> <p>Ohio Rev. Code Ann. § 5747.01(A) ; Ohio Rev. Code Ann. § 5701.11</p>
<b>Oklahoma</b>	<p>Not taxable.</p> <p>Forgiven PPP loans are not included in taxable income.</p> <p><a href="#">Oklahoma Tax Commission Frequently Asked Questions</a></p> <p>Okla. Stat. 68 § 2353(2)</p>	<p>Deductible.</p> <p>Expenses paid with forgiven PPP loans are deductible.</p> <p><a href="#">Oklahoma Tax Commission Frequently Asked Questions</a></p> <p>Okla. Stat. 68 § 2353(2)</p>
<b>Oregon</b>	<p>Not taxable.</p> <p>The Oregon Department of Revenue has determined that certain federal assistance to businesses under the CARES Act (including PPP loans) and the CAA is not commercial activity under the Oregon statute and will not be subject to the Corporate Activity Tax (CAT).</p> <p>If employers met the requirements for loan forgiveness, the forgiven debt is excluded from gross income and is not taxable for Oregon.</p> <p><a href="#">OR DOR News Release, May 6, 2020</a></p> <p><a href="#">OR FAQs – Are the forgiven Paycheck Protection Program (PPP) loans taxable?</a></p> <p>Or. Rev. Stat. § 316.012; Or. Rev. Stat. § 317.010(7)</p>	<p>Deductible.</p> <p>Expenses are tax deductible for Oregon.</p> <p><a href="#">OR FAQs – Can business expenses paid with Paycheck Protection Program (PPP) loans be deducted on tax returns?</a></p> <p>Or. Rev. Stat. § 316.012; Or. Rev. Stat. § 317.010(7)</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Pennsylvania</b>	<p>Not taxable.</p> <p>PPP loans used to pay business expenses that are subsequently forgiven by the lender shall not be included in classes of income for personal income tax purposes. For corporate net income tax purposes, Pennsylvania taxable income is based upon federal taxable income and does not include an addback to or deduction from federal taxable income for forgiveness of a PPP loan.</p> <p><a href="#">Act 1 of 2021 (SB 109)</a></p> <p><a href="#">Coronavirus Aid, Relief, &amp; Economic Security (CARES) Act: Pennsylvania Taxability, Pa. Dept. of Rev., 02/01/2021</a></p> <p><a href="#">Pennsylvania Department of Revenue, COVID-19 information</a></p> <p>Pa. Stat. Ann. 72 § 104-A(a); Pa. Stat. Ann. 72 § 7401(3)(1)(a); Pa. Code 61 § 153.11</p> <p>The City of Philadelphia will exclude from gross income any amount forgiven under the PPP for the purpose of the Business Income and Receipts Tax (BIRT) net income tax and exclude from a taxpayer's receipts for purposes of the BIRT gross receipts tax. For Net Profits Tax (NPT) purposes, the City of Philadelphia will exclude from gross income from any amount forgiven under PPP.</p> <p><a href="#">City of Philadelphia media release Feb. 1, 2021</a></p>	<p>Deductible.</p> <p>For personal income tax purposes, no deduction is disallowed for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan. For corporate net income tax purposes, Pennsylvania taxable income is based upon federal taxable income and does not include an addback to or deduction from federal taxable income for forgiveness of a PPP loan.</p> <p><a href="#">Act 1 of 2021 (SB 109)</a></p> <p><a href="#">Coronavirus Aid, Relief, &amp; Economic Security (CARES) Act: Pennsylvania Taxability, Pa. Dept. of Rev., 02/01/2021</a></p> <p><a href="#">Pennsylvania Department of Revenue, COVID-19 information</a></p> <p>Pa. Stat. Ann. 72 § 104-A(a); Pa. Stat. Ann. 72 § 7401(3)(1)(a); Pa. Code 61 § 153.11</p> <p>The City of Philadelphia will allow deductions for eligible Sec. 1106 expenses to the extent the expenses were reimbursed by forgiven PPP loans for the purpose of the BIRT net income tax. For NPT purposes, the City of Philadelphia will allow business deductions from eligible Sec. 1106 expenses to the extent they were reimbursed by forgiven PPP loans.</p> <p><a href="#">City of Philadelphia media release Feb. 1, 2021</a></p>
<b>Rhode Island</b>	<p>Not taxable (up to \$250,000).</p> <p>For purposes of the business corporation tax, tax on banks and personal income tax, the amount of any PPP loan forgiven for federal income tax purposes will be taxable to the extent the amount of the loan forgiven exceeds \$250,000 for any taxable year beginning on or after Jan. 1, 2020. The increment above \$250,000 must be included in income for Rhode Island tax purposes.</p> <p><a href="#">L. 2021, H6122</a></p> <p><a href="#">Notice to All Entities and Tax Preparers: Paycheck Protection Program (PPP) Loans, R.I. Div. of Taxation, Notice 2021-01, 07/07/2021; Paycheck Protection Program Loan Forgiveness Information</a></p> <p><a href="#">R.I. Gen. Laws § 44-11-11; R.I. Gen. Laws § 44-30-12(b)</a></p>	<p>Specific guidance has not been issued.</p> <p>Rhode Island adopts the current IRC.</p> <p><a href="#">R.I. Gen. Laws § 44-11-11; R.I. Gen. Laws § 44-30-6</a></p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>South Carolina</b>	<p>Not taxable.</p> <p>To the extent loans under the PPP are forgiven and excluded from gross income for federal income tax purposes, those loans are excluded for South Carolina income tax purposes.</p> <p><a href="#">South Carolina Information Letter No. 20-28, Nov. 2, 2020</a></p> <p><a href="#">South Carolina Information Letter No. 20-31, Dec. 15, 2020</a></p> <p>L. 2021, H4017 1(B); L. 2019 147 § 2A; S.C. Code Ann. § 12-6-40(A)(1)</p>	<p>Deductible.</p> <p>To the extent the federal government allows the deduction of expenses associated with a forgiven PPP loan, these expenses will be allowed as a deduction for South Carolina income tax purposes.</p> <p><a href="#">South Carolina Information Letter No. 20-28, Nov. 2, 2020</a></p> <p><a href="#">South Carolina Information Letter No. 20-31, Dec. 15, 2020</a></p> <p>L. 2021, H4017 1(B); L. 2019 147 § 2A; S.C. Code Ann. § 12-6-40(A)(1)</p>
<b>South Dakota*</b>	N/A	N/A
<b>Tennessee*</b>	<p>Not taxable.</p> <p>Tennessee does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">ET-12 – Forgiven Federal Paycheck Protection Program (PPP) Loan Proceeds Not Subject to Tennessee Excise Tax and Expenses are Deductible</a> (search the Revenue Help tab)</p> <p>Tenn. Code Ann. § 67-4-2006(a)(1)</p>	<p>Deductible.</p> <p>For excise tax purposes, the treatment of forgiven PPP loans and expenses paid with PPP loan proceeds will be consistent with how these items are treated for federal income tax purposes.</p> <p><a href="#">ET-12 – Forgiven Federal Paycheck Protection Program (PPP) Loan Proceeds Not Subject to Tennessee Excise Tax and Expenses are Deductible</a> (search the Revenue Help tab)</p> <p>Tenn. Code Ann. § 67-4-2006(a)(1)</p>
<b>Texas*</b>	<p>Not taxable.</p> <p>A taxable entity, for the purpose of computing franchise taxes, can exclude from its total revenue qualifying PPP loan proceeds.</p> <p><a href="#">HB 1195</a></p> <p><a href="#">News Release, Texas Comptroller of Public Accounts, 05/12/2021</a></p> <p>Tex. Tax Code Ann. § 171.10131(b)(1)</p>	<p>Deductible.</p> <p>Qualifying expenses can be deducted as cost of goods sold or compensation for franchise tax purposes.</p> <p><a href="#">HB 1195</a></p> <p><a href="#">News Release, Texas Comptroller of Public Accounts, 05/12/2021</a></p> <p>Tex. Tax Code Ann. § 171.10131(b)(2); Tex. Tax Code Ann. § 171.10131(b)(3)</p>
<b>Utah</b>	<p>Not taxable, but only to the extent that deductions for expenditures paid with the loan proceeds are disallowed.</p> <p><a href="#">What's New &amp; PPP Loan FAQs</a></p> <p>Utah Code Ann. § 59-7-101(22); Utah Code Ann. § 59-7-101(33)(c)(i); Utah Code Ann. § 59-10-103(1)(a)(ii); Utah Code Ann. § 59-10-114(2)(c)</p>	<p>PPP expenses are treated as fully deductible only to the extent that the PPP loan is added back as taxable income in the year it is forgiven for federal tax purposes.</p> <p><a href="#">What's New &amp; PPP Loan FAQs</a></p> <p>Utah Code Ann. § 59-7-101(22); Utah Code Ann. § 59-7-101(33)(c)(i); Utah Code Ann. § 59-10-103(1)(a)(ii)</p>

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>Vermont</b>	<p>Not taxable.</p> <p>Forgiven PPP loans are not taxable in Vermont.</p> <p><a href="#">COVID-19: Resources for Taxpayers</a></p> <p>Vt. Stat. Ann. 32 § 5824; L. 2021 9 § 23c repealed by L. 2021 73 § 25</p>	<p>Deductible.</p> <p>Vermont allows the federal deduction for expenses paid with proceeds of forgiven Paycheck Protection Plan PPP loans for 2020 and 2021. Business expenses paid using PPP loans are also deductible in tax year 2021.</p> <p><a href="#">COVID-19: Resources for Taxpayers</a></p> <p>Vt. Stat. Ann. 32 § 5824; L. 2021 9 § 23c repealed by L. 2021 73 § 25</p>
<b>Virginia</b>	<p>Not taxable.</p> <p>Virginia conforms to the federal tax exemption for PPP loan forgiveness.</p> <p><a href="#">S.B. 1146/H.B. 1935; Va. Code Ann. § 58.1-301(B); Va. Code Ann. § 58.1-322.03(17); Tax Bulletin 21-4; Tax Bulletin 22-1</a></p>	<p>Deductible (\$100,000 deduction cap in 2019 and 2020)</p> <p>Tax year 2019: The General Assembly retroactively extended the Virginia-specific deduction for up to \$100,000 in business expenses funded by forgiven PPP loan proceeds. This allows fiscal year filers to benefit from the deduction and subtraction for such expenses and income received during 2020 that was reflected on taxable year 2019 returns. Taxpayers may need to file amended taxable year 2019 Virginia returns to report such changes.</p> <p>Tax year 2020: No changes have been made to the Virginia income tax treatment for recipients of COVID-19 business assistance for taxable year 2020. As a result, such taxpayers should continue to follow the instructions provided in Tax Bulletin 21-4.</p> <p>Tax year 2021: Virginia generally conforms to the federal tax treatment of COVID-19 business assistance programs for taxable year 2021 and after. As a result, no adjustment will generally be required on 2021 Virginia income tax returns for taxpayers that have business expenses funded by forgiven PPP loan proceeds during taxable Year 2021.</p> <p><a href="#">S.B. 1146/H.B. 1935; Va. Code Ann. § 58.1-301(B); Va. Code Ann. § 58.1-322.03(17); Tax Bulletin 21-4; Tax Bulletin 22-1</a></p>
<b>Washington*</b>	<p>Not taxable.</p> <p><a href="#">Federal financial assistance regarding COVID-19</a></p> <p>Introduced legislation <a href="#">House Bill 1002; House Bill 1095</a> is enacted and exempts forgiven PPP loan proceeds from the B&amp;O tax, public utility tax and sales/use tax.</p>	N/A

State	Taxability of PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds
<b>West Virginia</b>	<p>Not taxable.</p> <p>Because West Virginia conforms to the IRC as updated by the CARES Act and the CAA, 2021, West Virginia excludes PPP loan forgiveness from taxable income.</p> <p><a href="#">Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act</a></p> <p><a href="#">HB 2358 and HB 2359</a></p> <p><a href="#">Wisconsin Adopts Tax Relief in the Federal CARES Act</a></p> <p>W. Va. Code § 11-21-9(a); W. Va. Code § 11-21-9(d); W. Va. Code § 11-24-3(a); W. Va. Code § 11-24-3(c)</p>	<p>Deductible.</p> <p>West Virginia has fully conformed with all federal tax law changes made in 2020 for the purposes of computing West Virginia taxable income.</p> <p><a href="#">Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act</a></p> <p><a href="#">HB 2358 and HB 2359</a></p> <p>W. Va. Code § 11-21-9(a); W. Va. Code § 11-21-9(d); W. Va. Code § 11-24-3(a); W. Va. Code § 11-24-3(c)</p>
<b>Wisconsin</b>	<p>Not taxable.</p> <p>Wisconsin does not treat PPP loan forgiveness as taxable income.</p> <p><a href="#">2021 Wisconsin Act 1</a></p> <p><a href="#">Wisconsin Tax Bulletin No. 212, Feb. 1, 2021</a></p> <p>Wis. Stat. § 71.01(6)(m)(1); Wis. Stat. § 71.01(6)(l)(3)</p>	<p>Deductible.</p> <p>Expenses incurred that are paid with forgivable PPP funds are deductible for Wisconsin income/franchise tax purposes.</p> <p><a href="#">2021 Wisconsin Act 1</a></p> <p><a href="#">Wisconsin Tax Bulletin No. 212, Feb. 1, 2021</a></p> <p>Wis. Stat. § 71.01(6)(m)(1); Wis. Stat. § 71.22(4)(m)(1); Wis. Stat. § 71.22(4)(l)(3)</p>
<b>Wyoming*</b>	N/A	N/A

\*While 41 states impose a personal income tax, seven states do not (Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming). New Hampshire does not impose taxes on wages, but instead taxes interest and dividends. Four states impose gross receipt taxes in lieu of corporate income taxes (Nevada, Ohio, Texas and Washington). Two states do not impose corporate income taxes or gross receipt taxes (South Dakota and Wyoming).

See the AICPA's [SALT Roadmap – State and Local Tax Guide](#) to navigate the complex world of state and local taxes with a compilation of basic state information and quick links to other state references, including an animated map to find fast facts on state taxes imposed, tax rates and common tax forms.

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