

Paycheck Protection Program (PPP) State Tax Treatment Chart

Purpose of chart: Use this chart to determine whether states treat Coronavirus Aid, Relief and Economic Security Act (Public Law 116-136) (CARES Act) 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).

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
Alabama	<p>Not taxable.</p> <p>Amounts for which the taxpayer has received loan forgiveness under the CARES Act PPP are not included in the calculation of an individual taxpayer's 2020 Alabama income liability.</p> <p>21st Supplemental Emergency Proclamation</p> <p>Legislation (HB 170, S 98) introduced to provide for conformity to federal on PPP forgiveness.</p>	<p>Deductible.</p> <p>In calculating their 2020 Alabama income tax liability, taxpayers may deduct expenses paid with PPP loan amounts that have been forgiven or that the taxpayer reasonably expects to receive forgiveness even if the taxpayer has not applied for forgiveness of the loan by the end of the 2020 tax year.</p> <p>21st Supplemental Emergency Proclamation</p> <p>Legislation (HB 170, S 98) introduced to provide for conformity to federal on PPP expense deductibility.</p>
Alaska*	Specific guidance has not been issued.	Specific guidance has not been issued.
Arizona	Specific guidance has not been issued.	Specific guidance has not been issued.
Arkansas	Specific guidance has not been issued.	Specific guidance has not been issued.
California	<p>Not taxable.</p> <p>California does not treat PPP loan forgiveness as taxable income.</p> <p>Assembly Bill No. 1577, CHAPTER 39</p>	<p>Not deductible.</p> <p>Assembly Bill No. 1577, CHAPTER 39</p> <p>Note: AB-281 legislation introduced to bring California's tax treatment of covered PPP loans into conformity with federal tax laws.</p>
Colorado	Specific guidance has not been issued.	Specific guidance has not been issued.
Connecticut	<p>Not taxable.</p> <p>Loan forgiveness is not subject to Connecticut income tax.</p> <p>OCG-10, Office of the Commissioner Guidance regarding the CARES Act, July 6, 2020</p>	Specific guidance has not been issued.
Delaware	Specific guidance has not been issued.	Specific guidance has not been issued.
District of Columbia	<p>Not taxable.</p> <p>The District of Columbia does not treat PPP loan forgiveness as taxable income.</p>	Specific guidance has not been issued.
Florida*	Specific guidance has not been issued.	Specific guidance has not been issued.
Georgia	Specific guidance has not been issued.	Specific guidance has not been issued.

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
Hawaii	<p>Not taxable.</p> <p>Hawaii does not treat PPP loan forgiveness as taxable income.</p> <p>Hawaii Tax Information Release No. 2020-06, Oct. 20, 2020</p>	<p>Specific guidance has not been issued.</p>
Idaho	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
Illinois	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
Indiana	<p>Not taxable.</p> <p>Indiana does not treat PPP loan forgiveness as taxable income.</p> <p>Coronavirus information</p>	<p>The provision of extraordinary deductions is not located within the IRC and, thus, Indiana’s position is that the deductibility would flow through without recoupling to the current IRC. It is likely that the federal treatment of deductibility will flow through to Indiana as well, unless the General Assembly chooses otherwise during the 2021 legislative session.</p> <p>Coronavirus information</p>
Iowa	<p>Not taxable.</p> <p>Iowa does not treat PPP loan forgiveness as taxable income.</p> <p>Nonconformity to Retroactive Provisions of CARES Act of 2020, IDR, updated July 14, 2020</p>	<p>Specific guidance has not been issued.</p>
Kansas	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
Kentucky	<p>Not taxable.</p> <p>Kentucky has provided that loans forgiven under the CARES Act PPP that are excluded from gross income for federal income tax purposes are also excluded for Kentucky income tax purposes.</p> <p>Kentucky Covid-19 Tax Relief: Frequently Asked Questions, July 16, 2020</p>	<p>Not deductible.</p> <p>Expenses are not deductible for Kentucky income tax purposes to the extent the expenses are paid with proceeds from forgiven PPP loans.</p> <p>Kentucky Covid-19 Tax Relief: Frequently Asked Questions, July 16, 2020</p>
Louisiana	<p>Not taxable.</p> <p>The PPP loan forgiveness is not subject to Louisiana state income tax.</p> <p>Louisiana DOR News Release, January 25, 2021</p>	<p>Specific guidance has not been issued.</p>
Maine	<p>Specific guidance has not been issued.</p> <p>Proposed 2021 Supplemental Budget Change Packet, Part V provides that for loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not applied for forgiveness. The taxpayer may file an amended return if the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from expectations.</p>	<p>Specific guidance has not been issued.</p>
Maryland	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
Massachusetts	<p>Not taxable for corporate. Taxable for individuals.</p> <p>For purposes of the corporate excise tax, any amount forgiven for a corporate taxpayer is excluded from Massachusetts gross income.</p> <p>For purposes of personal income tax, any amount forgiven is includable in gross income and subject to tax.</p> <p>TIR 20-9: Massachusetts Tax Implications of Selected Provisions of the Federal CARES Act</p> <p>SD 172 legislation introduced; it provides for no income inclusion of PPP forgiveness for individuals.</p>	<p>No deduction for corporate. Deductible for individuals.</p> <p>For corporate excise tax, no deduction is allowed for an expense that is otherwise deductible if both the payment of the expense results in forgiveness of a PPP loan and the income associated with the forgiveness is excluded from gross income.</p> <p>There is no disallowance of deductions attributable to the payment of expenses resulting in the forgiveness of the loan.</p> <p>TIR 20-9: Massachusetts Tax Implications of Selected Provisions of the Federal CARES Act. (Note that the above guidance was issued prior to the federal enactment of CAA 2021. The guidance may change to conform to now-current federal treatment.)</p>
Michigan	Specific guidance has not been issued.	Specific guidance has not been issued.
Minnesota	<p>Taxable.</p> <p>Report PPP loan forgiveness and make an adjustment on the appropriate Minnesota nonconformity schedule for the federally excluded loan forgiveness amount. For Minnesota purposes, repaid PPP loan amounts will be treated the same way as they are on the federal return.</p> <p>Law Change FAQs Tax Year 2020</p>	<p>Deductible.</p> <p>Law Change FAQs Tax Year 2020</p>
Mississippi	Not taxable.	<p>Deductible to the extent allowed for federal.</p> <p>H.B. 1748 (2020)</p>
Missouri	Specific guidance has not been issued.	Specific guidance has not been issued.
Montana	<p>Not taxable.</p> <p>Montana does not treat PPP loan forgiveness as taxable income.</p> <p>Montana DOR Release: PPP Tax and Deduction Clarifications, May 12, 2020</p>	Specific guidance has not been issued.
Nebraska	<p>Not taxable.</p> <p>Guidance published on May 27, 2020 and prepared by the Nebraska Department of Revenue appears to confirm that Nebraska will conform to the federal treatment of forgiven PPP loans.</p> <p>The Effects of the Coronavirus Aid, Relief, and Economic Security Act</p>	Specific guidance has not been issued.
Nevada*	N/A	N/A

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
New Hampshire*	<p>Taxable.</p> <p>PPP loans that are ultimately forgiven in accordance with the terms of that program should be included as income for Business Profits Tax (BPT) purposes. Any federal-level relief received by taxpayers required to file a Business Enterprise Tax (BET) return that is utilized to pay wages or other compensation to employees, interest or dividends shall be included in the enterprise value tax base of the business and subject to the BET.</p> <p>TIR-2021-001 New Hampshire DOR, January 20, 2021</p>	<p>Deductible.</p> <p>Taxpayers are permitted a deduction for the expenses of operating a business, even if paid for with federal-level relief in accordance with the applicable version of the IRC and BPT statute.</p> <p>TIR-2021-001 New Hampshire DOR, January 20, 2021</p>
New Jersey	<p>Not taxable (if introduced legislation is enacted).</p> <p>Assembly, No. 4186 was introduced on June 1, 2020. The bill provides that a loan forgiven pursuant to Sec. 1106 of the CARES Act shall not be included in the calculation of income subject to tax.</p>	<p>Deductible (if introduced legislation is enacted).</p> <p>Assembly, No. 5149 was introduced on Dec. 14, 2020 but is not yet enacted. The bill would allow a deduction from tax of certain expenses when a taxpayer's federal PPP loan is forgiven and excludes those forgiven loans from gross income tax.</p>
New Mexico	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
New York	<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>New York state tax implications of the federal CARES Act</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>New York state tax implications of the federal CARES Act</p>
North Carolina	<p>Not taxable.</p> <p>North Carolina does not treat PPP loan forgiveness as taxable income.</p> <p>Important Notice: North Carolina's Reference to the Internal Revenue Code Updated – Impact on North Carolina Corporate and Individual Income Tax Returns</p>	<p>Not deductible.</p> <p>Any expense paid using the proceeds of a PPP loan that is deducted for federal tax purposes is not deductible when calculating NC taxable income.</p> <p>Important Notice: North Carolina's Reference to the Internal Revenue Code Updated – Impact on North Carolina Corporate and Individual Income Tax Returns</p>
North Dakota	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
Ohio*	<p>Not taxable.</p> <p>PPP loan forgiveness is not subject to income tax as provided in H.B. 197, March 27, 2020; FAQ 7.</p> <p>The amount of a PPP loan and any amount of the loan that is forgiven under the CARES Act is excluded from a taxpayer's gross receipts for purposes of the commercial activity tax (CAT) (H.B. 481, June 2020; FAQ 1).</p> <p>Senate Bill 18 introduced to incorporate changes in the IRC since March 27, 2020.</p>	<p>Specific guidance has not been issued.</p> <p>Senate Bill 18 introduced to incorporate changes in the IRC since March 27, 2020.</p>
Oklahoma	<p>Specific guidance has not been issued.</p>	<p>Specific guidance has not been issued.</p>
Oregon	<p>Not taxable.</p>	<p>Specific guidance has not been issued.</p>

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
Oregon <i>(continued)</i>	<p>The Oregon Department of Revenue has determined that certain federal assistance to businesses under the CARES Act (including PPP loans) is not commercial activity under the Oregon statute and will not be subject to the Corporate Activity Tax (CAT).</p> <p>OR DOR News Release, May 6, 2020</p>	
Pennsylvania	<p>Not taxable for corporations. Taxable for individuals.</p> <p>PPP loans used to pay business expenses that are subsequently forgiven by the lender will constitute as taxable income for Pennsylvania personal income tax purposes. The business can deduct proceeds from the forgiven loan that are used to cover ordinary, necessary and reasonable business expenses related to that income.</p> <p>PA DOR Paycheck Protection Plan loans</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>City of Philadelphia media release Feb. 1, 2021</p>	<p>Specific guidance has not been issued for corporations.</p> <p>For individuals, ordinary, necessary and reasonable business expenses can be deducted within the tax year they are incurred even if the money used to cover the expenses was from the forgiven loan.</p> <p>PA DOR Paycheck Protection Plan loans</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>City of Philadelphia media release Feb. 1, 2021</p>
Rhode Island	Specific guidance has not been issued.	Specific guidance has not been issued.
South Carolina	<p>Not taxable.</p> <p>For tax year 2020, 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>South Carolina Information Letter No. 20-31, Dec. 15, 2020</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>South Carolina Information Letter No. 20-31, Dec. 15, 2020</p>
South Dakota*	N/A	N/A
Tennessee*	<p>Not taxable.</p> <p>Tennessee does not treat PPP loan forgiveness as taxable income.</p> <p>TN FAQ - Does the CARES Act of 2020 impact the excise tax return? July 29, 2020</p>	Specific guidance has not been issued.
Texas*	Specific guidance has not been issued.	Specific guidance has not been issued.
Utah	<p>Taxable.</p> <p>Forgiveness of PPP loans is an addback per legislation enacted in August.</p> <p>Proposed legislation SB 6005 provides that certain amounts received from a forgiven loan under the PPP or similar program are exempt from state corporate franchise and income tax.</p>	Specific guidance has not been issued.

State	Taxability of CARES Act PPP loan forgiveness	Deductibility of expenses paid with PPP loan proceeds as provided by the CAA
Vermont	Specific guidance has not been issued.	Specific guidance has not been issued.
Virginia	Specific guidance has not been issued.	Specific guidance has not been issued.
Washington*	Not taxable. Federal financial assistance regarding COVID-19 Two pieces of legislation (House Bill 1002 and House Bill 1095) have been introduced to clarify that the loans are not subject to the business and occupation (B&O) tax.	Specific guidance has not been issued.
West Virginia	Specific guidance has not been issued.	Specific guidance has not been issued.
Wisconsin	Not taxable (PPP1 loans); taxable (PPP2 loans). Wisconsin specifically adopts provisions included in the CARES Act, including the exclusion from income for the cancellation of small business loans. Wisconsin Adopts Tax Relief in the Federal CARES Act, April 20, 2020 Taxpayers must include in Wisconsin gross income any subsequent PPP loan proceeds forgiven. Important Information About Effect of New Federal Law on 2020 Wisconsin Tax Returns	Not deductible. Expenses incurred that are paid with forgivable PPP funds are not deductible for Wisconsin income/franchise tax purposes. Important Information About Effect of New Federal Law on 2020 Wisconsin Tax Returns
Wyoming*	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). Two states do not impose taxes on wages, but instead tax interest and dividends (New Hampshire and Tennessee). 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 [2020 State Tax Filing Guidance for Coronavirus Pandemic Chart](#) and [2021 State Tax Filing Guidance for Coronavirus Pandemic Chart](#) for detailed developments related to state COVID-19 responses. See also the [AICPA Recommendations for 2021 Administrative, Filing and Payment Relief for State and Local Taxes during the Coronavirus Pandemic](#), item 13, for a summary of state PPP treatment.

Note that the 2020 State Tax Guide for Businesses and 2020 State Tax Guide for Individuals are both part of the 2020 [Annual Tax Compliance Kit](#) and are available to AICPA Tax Section members. Refer to these resources for additional state-related guidance.

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