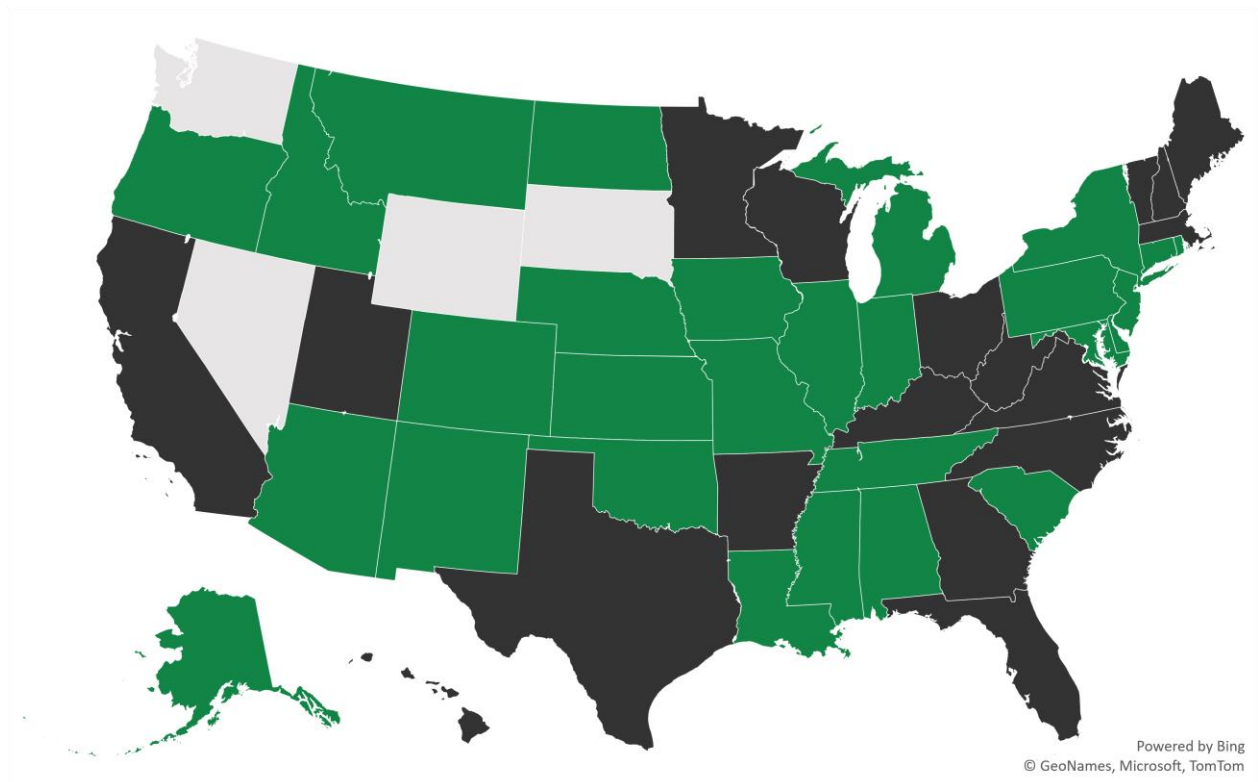





State Taxation of PPP Loans:

Where does my state stand?

The federal *CARES Act* was passed in March 2020 and included provisions that allowed forgiven PPP loans to be excluded from taxable income. In December, the IRS issued official guidance that allows expenses paid with PPP loan proceeds to be deducted. This is a reversal of their previous position, which initially stated that expenses paid with a PPP loan were not deductible. Even though relief has been provided at the federal level, PPP loans are still eligible for taxation in some states. Take a look below to see where your state stands.

Some states are actively considering legislation to address this issue, including California, Florida, Arkansas, New Jersey, Maine, and Ohio. Please check back here for updates.



-  PPP loans will not be taxed
-  PPP loans are ineligible for taxation
-  PPP loans will be taxed (either as income or by prohibiting the deduction of expenses)

As of February 21, 2021

State	Forgiven PPP Loans excluded from taxable income	Expenses paid with PPP loans are deductible
Alabama	Yes	Yes
Alaska	Yes	Yes
Arizona	No	Yes
Arkansas	No	Yes
California	Yes	No
Colorado	Yes	Yes
Connecticut	Yes	Yes
Delaware	Yes	Yes
Florida	No	Yes
Georgia	Yes	No
Hawaii	Yes	No
Idaho	Yes	Yes
Illinois	Yes	Yes
Indiana	Yes	Yes
Iowa	Yes	Yes
Kansas	Yes	Yes
Kentucky	Yes	No
Louisiana	Yes	Yes
Maine	No	Yes
Maryland	Yes	Yes
Massachusetts	No	Yes
Michigan	Yes	Yes
Minnesota	No	Yes
Mississippi	Yes	Yes
Missouri	Yes	Yes
Montana	Yes	Yes
Nebraska	Yes	Yes
Nevada	PPP loans are ineligible for taxation	n/a
New Hampshire	No	Yes
New Jersey	Yes	Yes
New Mexico	Yes	Yes
New York	Yes	Yes
North Carolina	Yes	No
North Dakota	Yes	Yes
Ohio	Yes	No
Oklahoma	Yes	Yes
Oregon	Yes	Yes
Pennsylvania	Yes	Yes

Rhode Island	Yes	Yes
<u>South Carolina</u>	Yes	Yes
South Dakota	PPP loans are ineligible for taxation	n/a
<u>Tennessee</u>	Yes	Yes
Texas	No	n/a
<u>Utah</u>	No	Yes
Vermont	No	Yes
<u>Virginia</u>	No	Yes
Washington	PPP loans are ineligible for taxation	n/a
<u>West Virginia</u>	No	Yes
<u>Wisconsin</u>	Yes	No
Wyoming	PPP loans are ineligible for taxation	n/a

Sources: State tax information, Bloomberg Tax & Accounting