



Gallagher & Kennedy

Lawyers. When Results Matter.



Notice 2020-32: Deductibility of Expenses When Loan is Forgiven Under the Paycheck Protection Program

(5/1/2020)

On April 30, 2020, the IRS issued Notice 2020-32 providing guidance regarding the deductibility for federal income tax purposes of certain otherwise deductible expenses incurred in a taxpayer's trade or business when the taxpayer receives a "covered loan" pursuant to the Paycheck Protection Program (PPP).

[Notice 2020-32](#) clarifies that no deduction is allowed for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan pursuant to provisions of the CARES Act and the income associated with the forgiveness is excluded from gross income under the CARES Act.