

August 19, 2020

MEMORANDUM

TO: J. Carroll, SBDC of Hampton Roads

FROM: MD Austin

SUBJECT: A Couple of Reminders on PPP

Small business owners are now shifting their focus on the forgiveness phase of the PPP process, and many of your clients are probably doing so as well. As they do so, it is recommended that when contacted about the process, that SBDC advisers inform them of the following:

- If the client received both a PPP and an EIDL Advance, the amount of the Advance will be deducted from the PPP forgiveness. This means that if they received any Advance amount, they will end up with a loan of equal amount
- Any amounts of their PPP loan that are forgiven cannot be deducted from the borrower's federal tax return. This means that payroll and related costs that have historically been deducted from their gross revenues cannot do so, for the IRS states that doing so would create a "double tax benefit". It is possible that future Congressional legislation may address this issue, but until/unless this occurs, clients should understand that their tax burden could increase as a result

When/if legislation addresses these situations, an update will be provided. However, until this occurs, SBDC clients should be made aware of these realities.