



April 30, 2021

CA's partial conformity with PPP/EIDL deduction signed into law (AB 80) on April 29th, 2021.

Here are some of the highlights of the bill:

California now excludes both Forgiven PPP loans and EIDL advance from taxable income and allows eligible taxpayers to deduct expenses paid with these amounts.

PPP loans: An eligible entity to deduct expenses from PPP and PPP2 funds is an entity who meets 25% or greater reduction in gross receipts in any calendar quarter in 2020, compared to the same calendar quarter in 2019.

EIDL advance: Economic Injury Disaster Loans (EIDL) are not taxable income and are not subject to the 25% reduction test.

Full details of the bill are available at:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB80

Please feel free to contact us if you have any question.

Prospera Accountancy Group