

IRS Reverses on Deductibility of Expenses Paid with PPP Loans

Alert

01.06.2021

On January 6, the IRS issued [Revenue Ruling 2021-2](#), reversing its earlier position and allowing expenses paid with PPP loan proceeds to be deducted.

The IRS was acting on the recent amendment to the CARES Act, which provides, as amended, that no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied, by reason of the exclusion from gross income under the PPP loan program. This change is set to be effective as of the date of the CARES Act, March 27, 2020.

RELATED CAPABILITIES

Corporate Finance

Private Business