

[First Reprint]

ASSEMBLY, No. 5149

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED DECEMBER 14, 2020

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Co-Sponsored by:

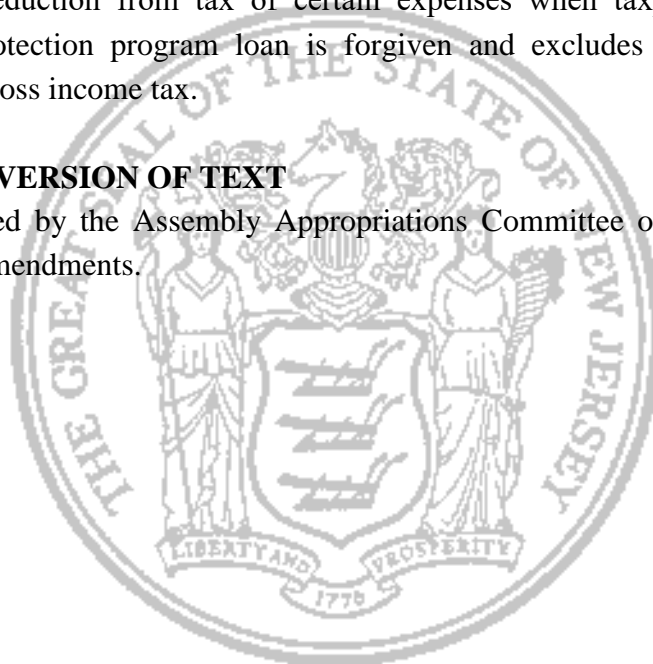
Assemblywoman Murphy, Assemblymen Karabinchak, Dancer, Bergen, Thomson, Stanley, Assemblywomen Reynolds-Jackson, DiMaso and Vainieri Huttie

SYNOPSIS

Allows deduction from tax of certain expenses when taxpayer's federal paycheck protection program loan is forgiven and excludes those forgiven loans from gross income tax.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on February 24, 2021, with amendments.



(Sponsorship Updated As Of: 3/1/2021)

1 AN ACT concerning the tax treatment of forgiven federal paycheck
2 protection program loans.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Notwithstanding N.J.S.54A:5-1, a loan, or portion thereof,
8 forgiven pursuant to section 1106 of the federal CARES Act,
9 Pub.L.116-136, ¹or any subsequent expansion of the federal Paycheck
10 Protection Program, including the provision of second draw loans
11 pursuant to section 311 of Division N of the “Consolidated
12 Appropriations Act, 2021,” Pub.L.116-260,¹ shall not be included in
13 the calculation of New Jersey gross income subject to tax under the
14 New Jersey Gross Income Tax Act.

15
16 2. a. A taxpayer under the Corporation Business Tax Act (1945),
17 P.L.1945, c.162 (C.54:10A-1 et seq.) shall not be denied a deduction
18 ¹for ordinary and necessary business expenses paid for with the
19 proceeds of a federal Paycheck Protection Program loan¹ by reason of
20 the exclusion from entire net income under P.L.1945, c.162 of ¹**[a]**
21 such¹ loan, or portion thereof, forgiven pursuant to section 1106 of the
22 federal CARES Act, Pub.L.116-136 ¹or any subsequent expansion of
23 the federal Paycheck Protection Program, including the provision of
24 second draw loans pursuant to section 311 of Division N of the
25 “Consolidated Appropriations Act, 2021,” Pub.L.116-260¹.

26 b. A taxpayer under the ¹**[New Jersey Gross Income Tax Act]**
27 “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.¹ shall not
28 be denied a deduction ¹for ordinary and necessary business expenses
29 paid for with the proceeds of a federal Paycheck Protection Program
30 loan¹ by reason of the exclusion from New Jersey gross income under
31 the New Jersey Gross Income Tax Act of ¹**[a]** such¹ loan, or portion
32 thereof, forgiven pursuant to section 1106 of the federal CARES Act,
33 Pub.L.116-136, ¹or any subsequent expansion of the federal
34 Paycheck Protection Program, including the provision of second
35 draw loans pursuant to section 311 of Division N of the
36 “Consolidated Appropriations Act, 2021,” Pub.L.116-260,¹ or
37 pursuant to section 1 of this act.

38
39 3. This act shall take effect immediately ¹and shall apply
40 retroactively to taxable years beginning on or after January 1, 2020¹.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted February 24, 2021.