

**Senate File 196 - Introduced**

SENATE FILE 196

BY ZAUN

**A BILL FOR**

1 An Act relating to state deductibility of federal paycheck  
2 protection program loan forgiveness.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. FEDERAL PAYCHECK PROTECTION  
2 PROGRAM. Notwithstanding any other provision of the law  
3 to the contrary, for any tax year ending after March 27,  
4 2020, Division N, Tit. II, Subtitle B, §276 of the federal  
5 Consolidated Appropriations Act, 2021, Pub. L. No. 116-260,  
6 applies in computing net income for state tax purposes under  
7 section 422.7 or 422.35.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with  
10 the explanation's substance by the members of the general assembly.

11 This bill relates to the federal paycheck protection  
12 program. Under current law, for the tax year 2020 and later,  
13 Iowa law fully conforms with the federal treatment of forgiven  
14 paycheck protection program loans and excludes such amounts  
15 from net income and allows certain deductions for business  
16 expenses paid using those loans. For fiscal-year filers who  
17 received paycheck protection program loans during the 2019 tax  
18 year, current law excludes such amounts from net income, but  
19 does not allow certain deductions for business expenses paid  
20 using those loans. The bill fully conforms with federal law  
21 for those fiscal-year filers who previously were excluded from  
22 such conformity and allows such filers to take business expense  
23 deductions using federal paycheck protection program loan  
24 proceeds that were forgiven.