

[First Reprint]
SENATE, No. 3234

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED DECEMBER 7, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator ANTHONY M. BUCCO

District 25 (Morris and Somerset)

Co-Sponsored by:

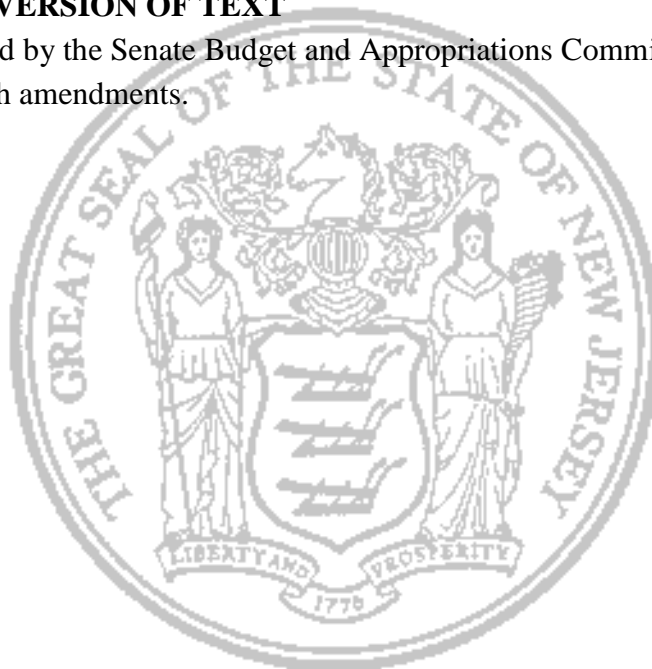
Senators Oroho, Pou, Greenstein, O'Scanlon and Holzapfel

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 Senate Budget and Appropriations Committee on January 21, 2021, with amendments.



(Sponsorship Updated As Of: 1/28/2021)

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
10 Paycheck Protection Program, including the provision of second
11 draw loans pursuant to section 311 of Division N of the
12 “Consolidated Appropriations Act, 2021,” Pub.L.116-260,¹ shall not
13 be included in the calculation of New Jersey gross income subject to
14 tax under the 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 by reason of the exclusion from entire net income under P.L.1945,
19 c.162 of a loan, or portion thereof, forgiven pursuant to section 1106
20 of the federal CARES Act, Pub.L.116-136 ¹or any subsequent
21 expansion of the federal Paycheck Protection Program, including
22 the provision of second draw loans pursuant to section 311 of
23 Division N of the “Consolidated Appropriations Act, 2021,”
24 Pub.L.116-260¹.

25

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 by reason of the exclusion from New Jersey
29 gross income under the New Jersey Gross Income Tax Act of a loan,
30 or portion thereof, forgiven pursuant to section 1106 of the federal
31 CARES Act, Pub.L.116-136, ¹or any subsequent expansion of the
32 federal Paycheck Protection Program, including the provision of
33 second draw loans pursuant to section 311 of Division N of the
34 “Consolidated Appropriations Act, 2021,” Pub.L.116-260,¹ or
35 pursuant to section 1 of this act.

36

3. This act shall take effect immediately.

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:

¹Senate SBA committee amendments adopted January 21, 2021.