



Rhode Island Department of Revenue Division of Taxation

July 7, 2021

NOTICE TO ALL ENTITIES AND TAX PREPARERS: PAYCHECK PROTECTION PROGRAM (PPP) LOANS

As a result of legislation recently approved in the 2021 session of the Rhode Island General Assembly and signed into law by Rhode Island Governor Daniel J. McKee, certain changes have been made involving the income tax on businesses, the bank excise tax, and the income tax on individuals.¹

Under Rhode Island's new law, gross income includes the amount of any Paycheck Protection Program (PPP) loan forgiven for federal income tax purposes as authorized by the federal Coronavirus Aid, Relief, and Economic Security Act and/or the federal Consolidated Appropriations Act, and/or any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount of loan forgiven exceeds \$250,000.

Furthermore, the Division shall waive interest and penalty on the taxable portion of each PPP loan that is taxed under the corporate income tax (Rhode Island General Laws Chapter 44-11), the bank excise tax (Chapter 44-14), or the personal income tax (Chapter 44-30) and that is forgiven during the 2020 tax year -- provided that the tax on that portion is paid in full on or before March 31, 2022.

The Division shall make available suitable forms with instructions for making tax payments on the taxable portion of forgiven PPP loans as described above. The Division plans to issue further guidance as soon as possible.

Contact Information

For questions about this Notice, contact the Rhode Island Division of Taxation as applicable:

For personal income tax treatment of PPP loan forgiveness: Personal Income Tax unit (401) 574-8829, option #3 Tax.Assist@tax.ri.gov	For corporate or bank excise tax treatment of PPP loan forgiveness: Corporate Income Tax unit (401) 574-8935 Tax.Corporate@tax.ri.gov
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¹ House Bill 6122 Substitute A as amended: <http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6122Aaa.pdf>.