

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2021-003 Date: June 21, 2021**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Taxpayer Services at (603) 230-5920.

New Hampshire Taxation of Forgiven Paycheck Protection Program Loans

This Technical Information Release TIR 2021-003, supplements and modifies the guidance provided in TIR 2021-001, dated January 20, 2021 due to recent changes in state law, as follows:

The New Hampshire Legislature has passed and Governor Sununu has signed into law Senate Bill 3 (Chapter 74, Laws of 2021) effective June 10, 2021, which amends the RSA 77-A Business Profits Tax (BPT) to exclude the business income of a taxpayer received by reason of forgiveness of indebtedness under the Paycheck Protection Program (PPP). As a result, the New Hampshire tax treatment of forgiven PPP loans will mirror the federal treatment, as enacted by the federal CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act for taxable periods ending after March 3, 2020.¹ Specifically, as a result of the passage of SB 3, any PPP loan proceeds that are forgiven shall not be included in the gross business income of the recipient and any qualified business expenses paid for with forgiven PPP loan proceeds continue to qualify as deductible business expenses.

Prior to enactment of SB 3, taxpayers were required to reconcile the difference between the federal and state treatment of forgiven PPP loans on Schedule IV of their BPT return. Taxpayers who have filed their 2020 BPT return reporting such reconciling adjustments should review their return to determine if they need to file an amended return in order to modify or remove any such reconciling adjustments.

Taxpayers who have not yet filed their 2020 BPT return should be aware that the Schedule IV has not been revised to reflect passage of SB 3. Therefore, taxpayers may not need to make all of the reconciling adjustments reflected on the Schedule IV. Specifically, taxpayers reporting forgiven PPP loans for taxable periods ending on or after March 3, 2020 are generally not required to add back to their BPT return PPP amounts excluded from their federal return (Schedule IV, Part A, Line 3). Additionally, taxpayers are generally not required to adjust the deduction for expenses paid for with forgiven PPP loan funds (Schedule IV, Part B, Line 3).

¹ The applicability date corresponds to the date of the enactment of the federal Coronavirus Aid, Relief, and Economic Security Act.

Return forms, including the Schedule IV, for future tax years will be revised to reflect the treatment of forgiven PPP loans pursuant to SB 3.

Additional information about the Business Profits Tax can be obtained by referencing RSA 77-A and N.H. Code of Admin. Rules, Rev 300, which can be accessed on the Department's [website](#). Questions should be directed to the Department's Taxpayer Service Division by calling (603) 230-5000.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5920.