



AADA NEWS AND UPDATE – November 25, 2020

FEDERAL COVID RELATED UPDATES

Paycheck Protection Program (PPP) Policy Guidance



Late last week, the Internal Revenue Service (IRS) issued guidance on the **deductibility of expenses paid with Paycheck Protection Program (PPP) loan proceeds**. Two new documents confirm the IRS's position that expenses paid with PPP loan proceeds will be nondeductible by businesses when the loan is likely to be forgiven. In response, Senate Finance Committee Chairman Chuck Grassley (R-Iowa) and Ranking Democrat Ron Wyden (D-Ore.) issued a [joint statement](#) advising that they are working to pass legislation by the end of the year to clarify that forgiven PPP loan expenses will be fully deductible. NADA continues to urge Congress to reverse the IRS interpretation and restore full deductibility of forgiven expenses funded with PPP loans.

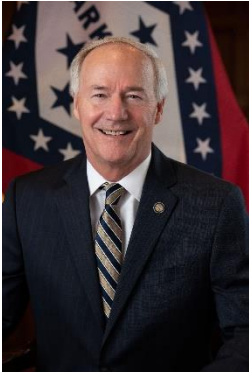
For more information about the IRS clarification, please see the following new documents:

- [Proc. 2020-51](#), which clarifies that businesses that do not file for forgiveness or are denied forgiveness will be permitted to deduct PPP funded expenses through a safe harbor procedure.
- [Rul. 2020-21](#), which clarifies that disallowed expense deductions due to PPP loans occur in tax year 2020, regardless of whether forgiveness is granted in 2020 or 2021.

Dealerships with PPP loans are encouraged to discuss these new developments with their tax advisor. Additional information on the PPP is available on [NADA's Coronavirus Hub](#).

Also for additional information on this IRS guidance, BKD CPA's and Advisors released an analysis that can be found [here](#).

EXECUTIVE ORDER REMINDER



As a reminder, Governor Hutchinson renewed his Executive Order in October declaring a public health emergency through December 13, 2020.

It is important to remember this Order continues to require every person in Arkansas to wear a face covering over the mouth and nose in all indoor environments where they are exposed to non-household members and distancing of six (6) feet or more cannot be assured, and in all outdoor settings where there is exposure to non-household members, unless there exists ample space of six (6) feet or more to practice physical distancing.

It is critical each dealership remains diligent as we insure safe environments for employees and customers, particularly through the Thanksgiving holiday.

ADDITIONAL AND HELPFUL LINKS

For additional information related to maintaining your dealership as safe, we would recommend monitoring updates from the [CDC](#), [OSHA](#), and the [Arkansas Department of Health](#).

Please go to our website for links to information your dealership needs at [AADA coronavirus update](#).

AADA will work to keep you updated on this situation, but a firm commitment to maintaining a safe and clean work environment for your employees and customers will help you navigate this health crisis.

If you have any questions about this bulletin please don't hesitate to call, 501-372-2596, or email Greg Kirkpatrick greg@arkautodealers.com.