



## Internal Revenue Service Issues Announcement on Paycheck Protection Program Loan Forgiveness

On September 22, 2020, the Internal Revenue Service (“IRS”) issued [Announcement 2020-12](#) notifying lenders of covered loans made under the Paycheck Protection Program that they should not file information returns or furnish payee statements under Section 6050P of the Internal Revenue Code to report the amount of qualifying forgiveness with respect to Paycheck Protection Program Loans. Generally, Section 6050P of the Code and the Treasury Regulations require an applicable entity that discharges at least \$600 of a borrower’s indebtedness to file a Form 1099-C, Cancellation of Debt, with the IRS and furnish a payee statement to the borrower. Pursuant to Announcement 2020-12, when all or a portion of the stated principal amount of a covered loan is forgiven as a result of the eligible recipient having satisfied the forgiveness requirements under Section 1106 of the CARES Act, an applicable entity is not required to, for federal income tax purposes only, file a Form 1099-C information return with the IRS. Further, the applicable entity need not provide a payee statement to the eligible recipient under section 6050P of the Code in the case of such qualifying forgiveness. The filing of such information returns with the IRS could result in the issuance of under reporter notices (IRS Letter CP2000) to eligible recipients and the furnishing of such payee statements to eligible recipients could cause confusion; the IRS has instructed qualified applicable entities to not make such filings and not issue such payee statements.

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