
STATE TAX LEGISLATIVE SUMMARY – FEBRUARY 2021

Fiscal Code Changes

Act 1 of 2021 (SB 109) – Act 1 makes a number of changes to the Fiscal Code, including the appropriation of funds to aid businesses and individuals adversely affected by the COVID-19 pandemic. The Act also provides for the nontaxability of certain income as follows:

- **Nontaxability of Stimulus Payments:** Stimulus payments received by individuals under section 2201 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act or sections 272 and 273 of the Consolidated Appropriations Act, 2021, are not taxable under Article III of the Tax Reform Code.
- **Nontaxability of Paycheck Protection Program (PPP) Loan Forgiveness:** Forgiveness of PPP loans provided through sections 276 and 278(A) of the Consolidated Appropriations Act, 2021, is not taxable under Article III of the Tax Reform Code. No deduction may be disallowed for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan.