

# TaxNewsFlash

## United States



No. 2020-600  
September 22, 2020

## Announcement 2020-12: No information reporting by lenders, PPP loans forgiven under CARES Act (COVID-19)

The IRS today released an advance version of Announcement 2020-12 clarifying that lenders that make Paycheck Protection Program (PPP) loans that are later forgiven under the "Coronavirus Aid, Relief, and Economic Security Act" (Pub. L. No. 116-136) (CARES Act) should not file information returns or furnish payee statements to report the amount of qualifying forgiveness.

[\*\*Announcement 2020-12\*\*](#) [PDF 13 KB] explains that lenders should not file information returns or furnish payee statements under section 6050P to report the amount of qualifying PPP loan forgiveness.

### Summary

In general, a lender subject to section 6050P (referred to as an "applicable entity") that discharges at least \$600 of a borrower's indebtedness is required to file a Form 1099-C, *Cancellation of Debt*, with the IRS and to furnish a payee statement to the borrower.

Under provisions of the CARES Act, qualifying small businesses may obtain PPP loans guaranteed by the Small Business Administration (SBA), and such eligible businesses may qualify for forgiveness of indebtedness for all or a portion of the stated principal amount of a covered PPP loan if certain conditions are satisfied. The CARES Act provides that such debt forgiveness is excluded from the borrower's gross income.

Under Announcement 2020-12, when all or a portion of the stated principal amount of a covered loan is forgiven because the eligible recipient satisfies the forgiveness requirements under the CARES Act, an applicable entity is not required to file a Form 1099-C information return for federal tax purposes or to provide a payee statement to the eligible recipient as a result of the qualifying forgiveness. The IRS release explains that the filing of such information returns could result in the issuance of underreporter (of income) notices to eligible recipients, and the furnishing of such payee statements to eligible recipients could cause confusion. The IRS states that Announcement 2020-12 is intended to prevent any such confusion.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)