



**Updated: January 25, 2021**

**Subject: Federal COVID-19 financial assistance programs**

To alleviate the economic impact on businesses from the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides economic assistance to small businesses and larger businesses in severely distressed sectors. Using the CARES Act, the Small Business Administration (SBA) administers the Paycheck Protection Program (PPP) that authorizes loans to incentivize small businesses to keep their workers on the payroll. If certain criteria are met, the SBA will forgive repayment of the PPP loans.

Many businesses receiving this federal financial assistance are wondering if the amounts received should be considered income for purposes of the Seattle Business License Tax. City of Seattle Ordinance 126236 creates an exemption from the business license tax for cancellation of indebtedness income on persons engaging in business in Seattle. Under SMC 5.45.090 (CC), the Seattle business license tax does not apply to relief from debt received directly from the United States government, the state of Washington, or any of its cities that is provided to address the impacts of conditions arising from a national emergency. **Businesses receiving assistance under federal programs like the Paycheck Protection Program (PPP) should not report this assistance as gross receipts for the Seattle Business License Tax.**

For additional information on exemptions for COVID-19 assistance programs please see [Ordinance Number 126236](#).

If you have questions about any specific COVID-19 assistance that you have received, please e-mail us at [tax@seattle.gov](mailto:tax@seattle.gov).