# PPP Loan Tracking and Recording Expenses in QuickBooks Desktop

Recording a PPP Loan and Tracking Corresponding Expenses

There are a few options in QuickBooks for how to record the funds received from the **Paycheck Protection Program (PPP) loan** and the expenses to which the funds are used. To keep your financial reports consistent and comparable with the prior year, and since using classes may not be an available option for all QuickBooks users, we will present the following way of recording.

## 1) Create a sub account to the bank account in the Chart of Accounts.

- In the Chart of Accounts, select Account ▼, then select New
- Select Bank, click Continue
- Enter a name for the account, like "PPP Loan Funds"
- Click Sub-account of and choose the bank account from the drop down
- Click Save and Close
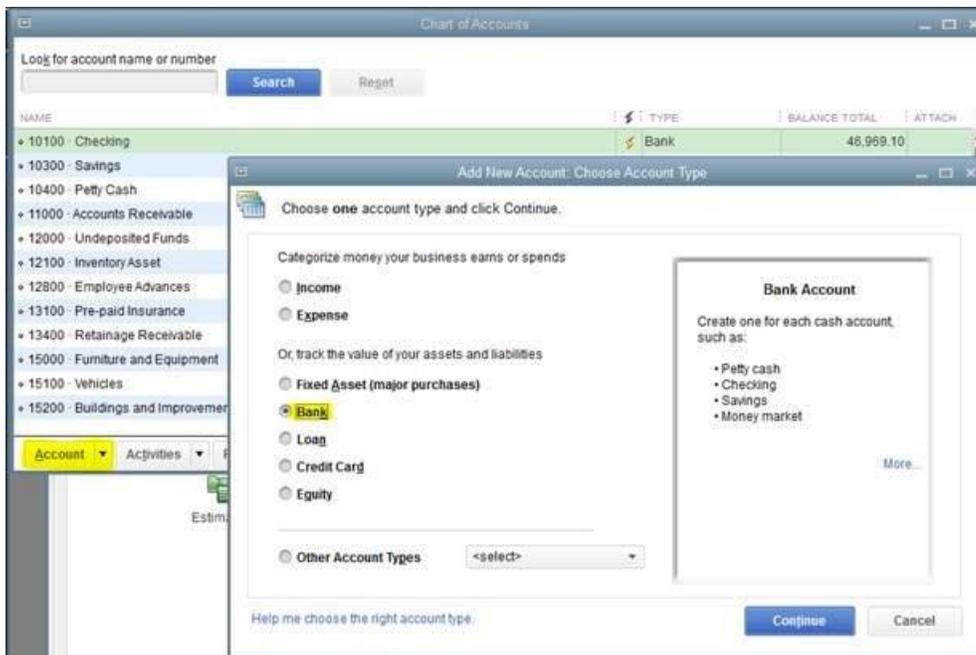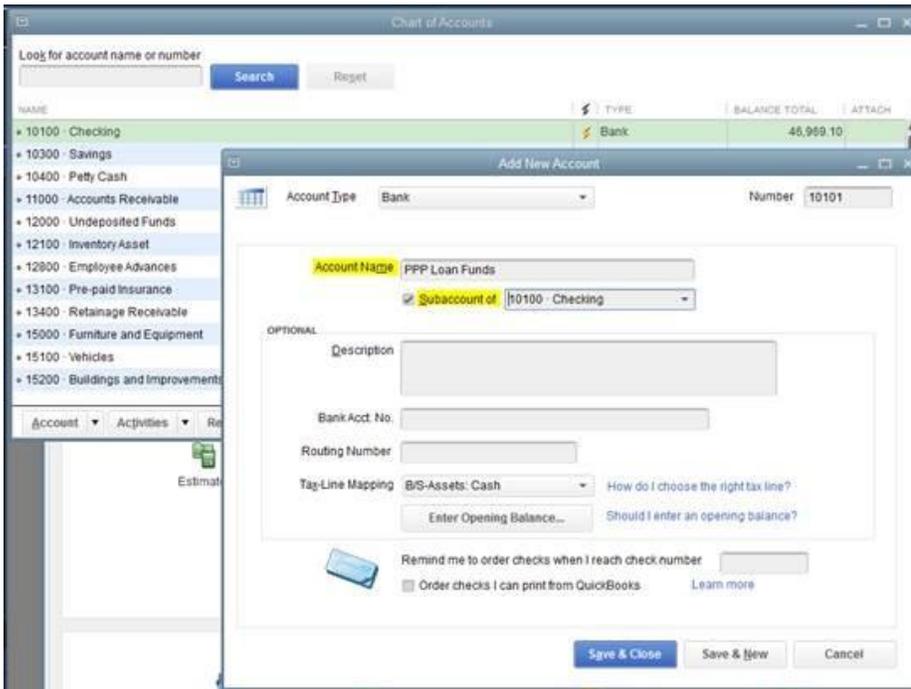
2) Create a new loan account in the Chart of Accounts.

- In the Chart of Accounts, select Account ▼, then select New
- Select Other Account Types, then select Long Term Liability
- Click Continue
- Enter a name for the account, like "PPP Loan"
- Click Save and Close
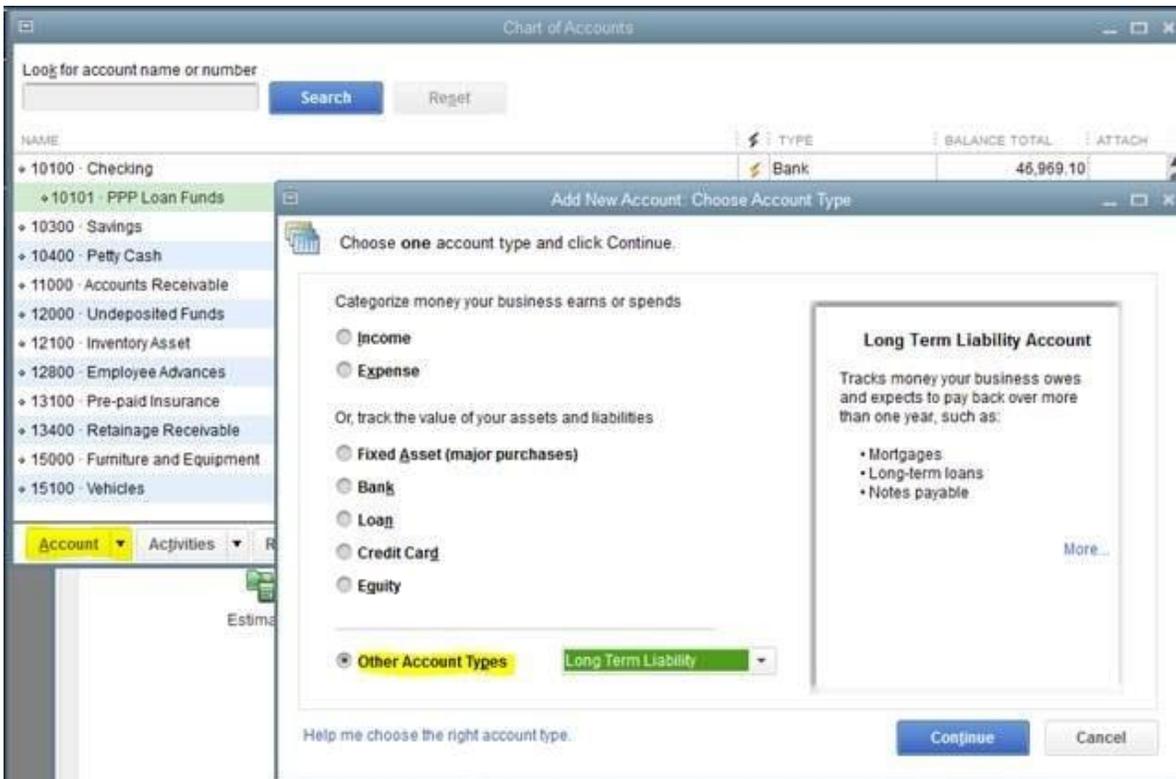
3) Record the loan proceeds received.

- Select Banking, then select Make Deposit
- Change the Deposit To account to the new bank sub-account
- In the From Account column, choose the loan account created
- Enter the amount received in the Amount column
- Click Save and Close

4) Pay your expenses from the bank account as you normally would.

5) Create a journal entry.

After paying an eligible expense using PPP loan funds, enter a journal entry to transfer the amount from the PPP Loan Funds sub-account to the regular bank account. Note in the memo what the transfer is for. The transfer amount used for payroll will be for the allowable expenses only (gross wages including vacation and sick time, employer retirement plan contribution, employer health insurance premiums paid). These amounts can be obtained from a Payroll Summary report. The PPP Loan Funds sub-account will show how much of the funds remain.

- Go to Company, then Make Journal Entries
- Enter info as shown
- Click Save and Close

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Dates Custom ▾ From 05/05/2023 📅 To 05/05/2023 📅 Show Columns Employee ▾

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12/15/23

Rock Castle Construction
Payroll Summary
May 5, 2023

	Dan T. Miller			Elizabeth N. Mason			Gregg O. Schneider			TOTAL		
	Hours	Rate	May 5, 23	Hours	Rate	May 5, 23	Hours	Rate	May 5, 23	Hours	Rate	May 5, 23
▾ Employee Wages, Taxes and Adjustm.												
▾ Gross Pay												
Salary			1,596.15			0.00			0.00			1,596.15
Overtime Rate			0.00		22.13	0.00		25.88	0.00			0.00
Regular Pay			0.00	80	14.75	1,180.00	80	17.25	1,380.00	160		2,560.00
Sick Hourly			0.00		14.75	0.00		17.25	0.00			0.00
Vacation Hourly			0.00		14.75	0.00		17.25	0.00			0.00
Total Gross Pay			1,596.15	80		▸ 1,180.00 ◂	80		1,380.00	160		4,156.15
▾ Deductions from Gross Pay												
401k			-159.62			-100.00			0.00			-259.62
Total Deductions from Gross Pay			-159.62			-100.00			0.00			-259.62
Adjusted Gross Pay			1,436.53	80		1,080.00	80		1,380.00	160		3,896.53
▾ Taxes Withheld												
Federal Withholding			-51.00			-86.00			-168.00			-305.00
Medicare Employee			-23.15			-17.11			-20.01			-60.27
Social Security Employee			-98.96			-73.16			-85.56			-257.68
CA - Withholding			-3.01			-15.55			-43.66			-62.22
CA - Disability Employee			0.00			0.00			-16.28			-16.28
Total Taxes Withheld			-176.12			-191.82			-333.51			-701.45
▾ Deductions from Net Pay												
Health Insurance			-25.00			-25.00			-12.50			-62.50
Total Deductions from Net Pay			-25.00			-25.00			-12.50			-62.50
Net Pay			1,235.41	80		863.18	80		1,033.99	160		3,132.58
▾ Employer Taxes and Contributions												
Federal Unemployment			0.00			0.00			0.80			0.80
Medicare Company			23.15			17.11			20.01			60.27
Social Security Company			98.96			73.16			85.56			257.68
CA - Unemployment Company			0.00			57.75			5.25			63.00
401k Match			47.88			35.40			0.00			83.28
Workers Compensation			266.11			121.18			13.11			400.40
CA - Employee Training Tax			0.00			0.00			0.10			0.10
Total Employer Taxes and Contribut...			436.10			304.60			124.83			865.53

Main | Reports

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DATE 05/05/2020 📅   ENTRY NO: ☑ ADJUSTING ENTRY

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	BILLA...	CLASS
10100 · Checking	4,239.43		Transfer PPP funds for payroll (4,156.15 wages; 83.28 401k)			
10100 · Checking:10101 · PPP Loan Funds		4,239.43	Transfer PPP funds for payroll (4,156.15 wages; 83.28 401k)			
Totals	4,239.43	4,239.43				

List of Selected General Journal Entries: This Month ▾

DATE	ENTRY NO.	ADJ	ACCOUNT	MEMO	DEBIT/CREDIT(+/-)

Save & Close | Save & New | Revert

After your lender determines how much of the loan is forgiven, you can transfer the forgiven amount.

6) Create a new account to record the use of the PPP loan funds.

- In the Chart of Accounts, select Account ▼, then select New
- Select Other Account Types, then choose Other Income
- Click Continue
- Enter a name for the account, like "PPP Loan Forgiveness"
- Click Save and Close
- If you would like the expenses detailed, repeat those five steps to create sub-accounts under PPP Loan Forgiveness (i.e. Payroll Costs, Rent, Utilities, Mortgage Interest)

7) Create a journal entry.

Create a journal entry to debit the PPP Loan account for the amount forgiven and credit the new PPP Loan Forgiveness account or sub-account for the amount of expenses to total the forgiven amount.

- Go to Company, then Make Journal Entries
- Enter info as shown
- Click Save and Close

If you need assistance with this process, visit with one of our QuickBooks Experts at (888) 388-1040.

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