

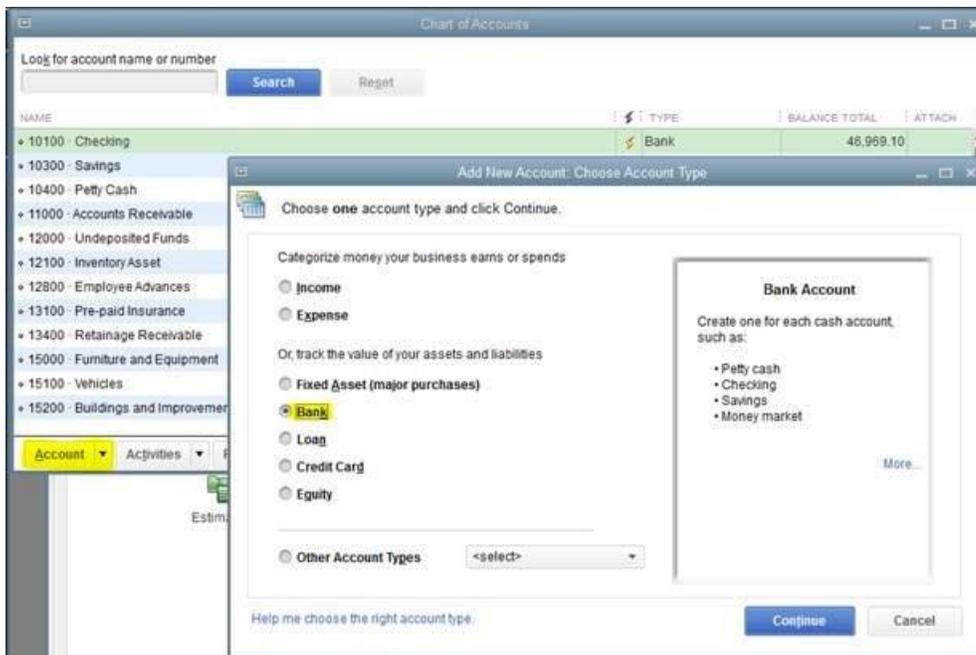
# PPP Loan Tracking and Recording Expenses in QuickBooks Desktop

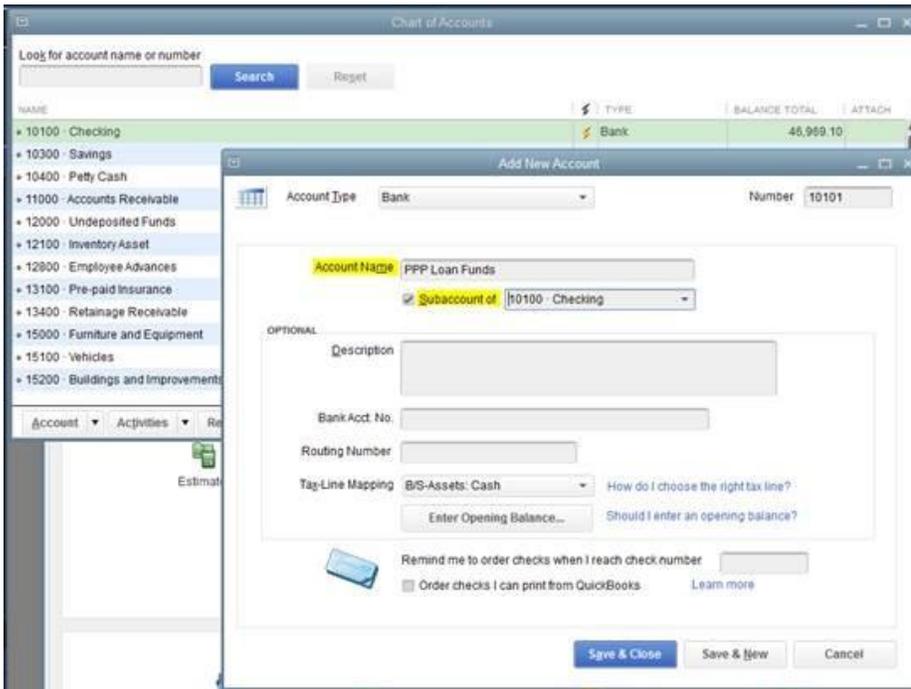
## Recording a PPP Loan and Tracking Corresponding Expenses

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.

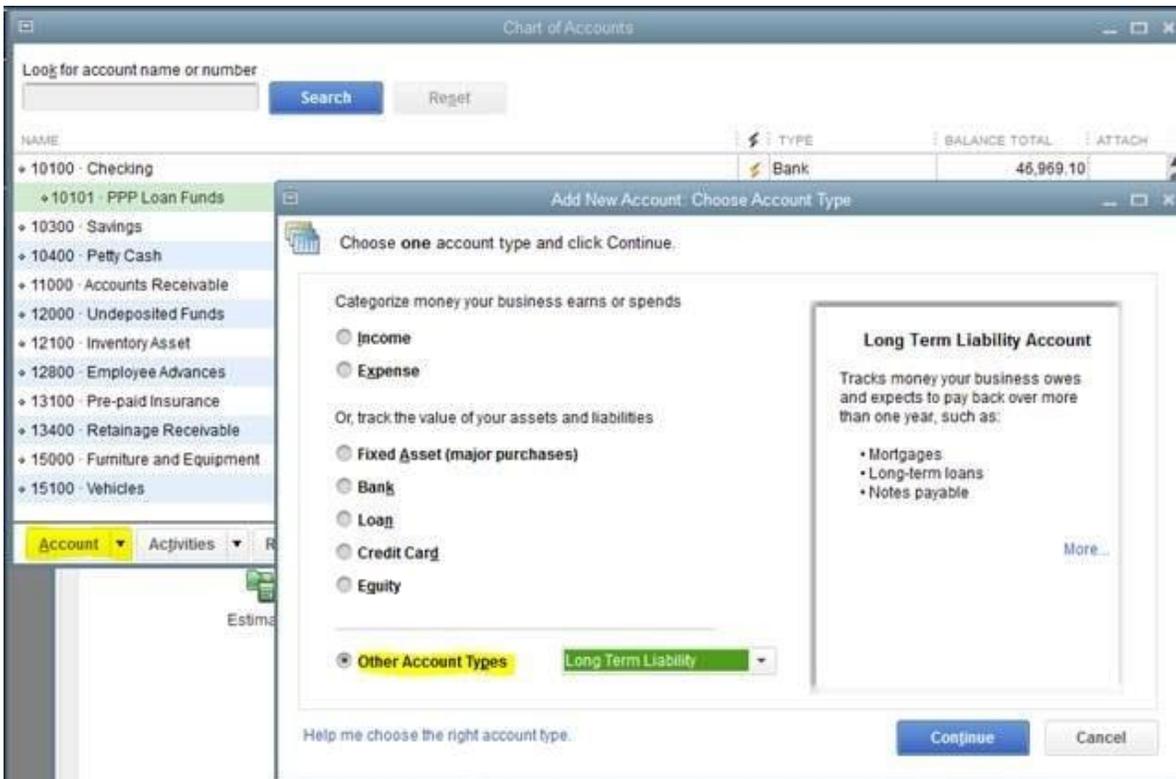
- In the Chart of Accounts, select Account ▼, then select New
- Select Bank, click Continue
- Enter a name for the account, like “PPP Loan Funds”
- Click Sub-account of and choose the bank account from the drop down
- Click Save and Close





## 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



Account Type: Long Term Liability      Number: 23300

Account Name: PPP Loan

Subaccount of: [Dropdown]

OPTIONAL

Description: [Text Area]

Account No.: [Text Area]

Tag-Line Mapping: B/S-Liabs/Eq.: L-T Mortgage/n...      How do I choose the right tax line?

Enter Opening Balance...      Should I enter an opening balance?

Save & Close      Save & New      Cancel

### 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

Chart of Accounts

Look for account name or number

Search      Reset

| NAME                                     | TYPE                | BALANCE TOTAL | ATTACH |
|--|---------------------|---------------|--------|
| + 23200 - Loan - Vehicles (Pickup Truck) | Long Term Liability | 22,641.00     |        |
| + 23300 - PPP Loan                       | Long Term Liability | 0.00          |        |

Make Deposits

Deposit To: 10100 - Checking 10101 - PPP Loan Funds      Date: 05/01/2020      Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

| RECEIVED FROM    | FROM ACCOUNT     | MEMO | CHK NO. | PMT METH. | CLASS | AMOUNT    |
|------------------|------------------|------|---------|-----------|-------|-----------|
|                  | 23300 - PPP Loan |      |         |           |       | 45,500.00 |
| Deposit Subtotal |                  |      |         |           |       | 45,500.00 |

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: [Dropdown]      Cash back memo: [Text Area]      Cash back amount: [Text Area]

Deposit Total: 45,500.00

Save & Close      Save & New      Clear



#### 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

| ACCOUNT                                 | DEBIT  | CREDIT | MEMO                                   | NAME | BILLA | CLASS |
|---|--------|--------|--|------|-------|-------|
| 10100 - Checking                        | 375.25 |        | Transfer PPP funds for utility payment |      |       |       |
| 10100 - Checking:10101 - PPP Loan Funds |        | 375.25 | Transfer PPP funds for utility payment |      |       |       |
| Totals                                  | 375.25 | 375.25 |  |      |       |       |



Payroll Summary

Customize Report | Comment on Report | Share Template | Memorize | Print | E-mail | Excel | Hide Header | Refresh

Dates: Custom | From 05/05/2023 | To 05/05/2023 | Show Columns | Employee

Show Filters

7:14 AM  
12/15/23

### Rock Castle Construction Payroll Summary May 5, 2023

|  | Dan T. Miller |                 | Elizabeth H. Mason |                 | Gregg O. Schneider |                 | TOTAL      |                 |
|--|---------------|-----------------|--------------------|-----------------|--------------------|-----------------|------------|-----------------|
|  | Hours         | Rate            | Hours              | Rate            | Hours              | Rate            | Hours      | Rate            |
| <b>Employee Wages, Taxes and Adjustm.</b>    |               |                 |                    |                 |                    |                 |            |                 |
| <b>▼ Gross Pay</b>                           |               |                 |                    |                 |                    |                 |            |                 |
| 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                                  | 80            | 14.75           | 1,180.00           |                 | 80                 | 17.25           | 1,380.00   | 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            |
| <b>Total Gross Pay</b>                       |               | <b>1,596.15</b> | <b>80</b>          | <b>1,180.00</b> | <b>80</b>          | <b>1,380.00</b> | <b>160</b> | <b>4,156.15</b> |
| <b>▼ Deductions from Gross Pay</b>           |               |                 |                    |                 |                    |                 |            |                 |
| 401k   |               | -159.62         |                    | -100.00         |                    | 0.00            |            | -259.62         |
| <b>Total Deductions from Gross Pay</b>       |               | <b>-159.62</b>  |                    | <b>-100.00</b>  |                    | <b>0.00</b>     |            | <b>-259.62</b>  |
| <b>Adjusted Gross Pay</b>                    |               | <b>1,436.53</b> | <b>80</b>          | <b>1,080.00</b> | <b>80</b>          | <b>1,380.00</b> | <b>160</b> | <b>3,896.53</b> |
| <b>▼ Taxes Withheld</b>                      |               |                 |                    |                 |                    |                 |            |                 |
| 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          |
| <b>Total Taxes Withheld</b>                  |               | <b>-176.12</b>  |                    | <b>-191.82</b>  |                    | <b>-333.51</b>  |            | <b>-701.45</b>  |
| <b>▼ Deductions from Net Pay</b>             |               |                 |                    |                 |                    |                 |            |                 |
| Health Insurance                             |               | -25.00          |                    | -25.00          |                    | -12.50          |            | -62.50          |
| <b>Total Deductions from Net Pay</b>         |               | <b>-25.00</b>   |                    | <b>-25.00</b>   |                    | <b>-12.50</b>   |            | <b>-62.50</b>   |
| <b>Net Pay</b>                               |               | <b>1,235.41</b> | <b>80</b>          | <b>862.18</b>   | <b>80</b>          | <b>1,033.99</b> | <b>160</b> | <b>3,132.58</b> |
| <b>▼ Employer Taxes and Contributions</b>    |               |                 |                    |                 |                    |                 |            |                 |
| 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           |
| <b>401k Match</b>                            |               | <b>47.88</b>    |                    | <b>35.40</b>    |                    | <b>0.00</b>     |            | <b>83.28</b>    |
| Workers Compensation                         |               | 266.11          |                    | 121.18          |                    | 13.11           |            | 400.40          |
| CA - Employee Training Tax                   |               | 0.00            |                    | 0.00            |                    | 0.10            |            | 0.10            |
| <b>Total Employer Taxes and Contribut...</b> |               | <b>436.10</b>   |                    | <b>304.60</b>   |                    | <b>124.83</b>   |            | <b>865.53</b>   |

Make General Journal Entries

Main | Reports

Find | New | Save | Delete | Create a Copy | Memorize | Reverse | Print | Attach File | Hide List | Send GJEs

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) |      |        |       |
| <b>Totals</b>                           | <b>4,239.43</b> | <b>4,239.43</b> |   |      |        |       |

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)

The screenshot shows the 'Chart of Accounts' window with a search bar at the top. Below the search bar is a list of accounts. The 'Add New Account: Choose Account Type' dialog box is open, prompting the user to 'Choose one account type and click Continue.' The dialog box has two main sections: 'Categorize money your business earns or spends' and 'Or, track the value of your assets and liabilities'. The first section has radio buttons for 'Income' and 'Expense'. The second section has radio buttons for 'Fixed Asset (major purchases)', 'Bank', 'Loan', 'Credit Card', and 'Equity'. At the bottom, there is a dropdown menu for 'Other Account Types' with 'Other Income' selected. A 'Continue' button is visible at the bottom right of the dialog box.

The screenshot shows the 'Add New Account' dialog box. The 'Account Type' is set to 'Other Income' and the 'Number' is '70300'. The 'Account Name' field contains 'PPP Loan Forgiveness'. There is a checkbox for 'Subaccount of' which is currently unchecked. Below this, there is an 'OPTIONAL' section with fields for 'Description', 'Note', and 'Tag-Line Mapping' (set to '<Unassigned>'). A 'How do I choose the right tax line?' link is next to the Tag-Line Mapping field. At the bottom, there are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

## 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

| ACCOUNT                      | DEBIT     | CREDIT    | MEMO              | NAME | BILLA | CLASS |
|------------------------------|-----------|-----------|-------------------|------|-------|-------|
| 23300 - PPP Loan             | 45,500.00 |           | PPP Loan Forgiven |      |       |       |
| 70300 - PPP Loan Forgiveness |           | 45,500.00 | PPP Loan Forgiven |      |       |       |
| Totals                       |           | 45,500.00 | 45,500.00         |      |       |       |

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

If you need assistance with this process, visit with one of our [QuickBooks Experts](#) at [\(888\) 388-1040](tel:8883881040).