

# PPP Loan Tracking and Recording Expenses in QuickBooks Online

## Recording a PPP Loan and Tracking Corresponding Expenses

There are a few options in QuickBooks Online 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 New ▼
- In the Account Type, choose Bank
- In The Detail Type, choose Checking
- Enter a name for the account, like “PPP Loan Funds”
- Click Is Sub-account and choose the bank account from the drop down
- Click Save and Close

**Account** [X]

**Account Type**  
Bank

**\* Name**  
PPP Loan Funds

**\* Detail Type**  
Checking

Description

Use **Checking** accounts to track all your checking activity, including debit card transactions.

Each checking account your company has at a bank or other financial institution should have its own Checking type account in QuickBooks Online Plus.

**Is sub-account**  
Checking

When do you want to start tracking your finances from this account in QuickBooks?  
[More info on opening balances](#)  
Choose one

Cancel Save and Close

## 2) Create a new loan account in the Chart of Accounts.

- In the Chart of Accounts, select New ▼
- In the Account Type, then choose Long Term Liabilities
- In the Detail Type, choose Notes Payable
- Enter a name for the account, like “PPP Loan”
- Click Save and Close

**Account**

**Account Type**  
Long Term Liabilities

**\* Detail Type**  
Notes Payable

**\* Name**  
PPP Loan

**Description**  
[Empty]

Is sub-account

Enter parent account [Dropdown]

When do you want to start tracking your finances from this account in QuickBooks?  
More info on opening balances  
Choose one [Dropdown]

Use Notes payable to track the amounts your business owes in long-term (over twelve months) loans.

For shorter loans, use the Other current liability account type called Loan payable, instead.

Cancel Save and Close

## 3) Record the loan proceeds received.

- Select +New, then select Bank Deposit
- Change the Account to the new bank sub-account
- In the account column, choose the loan account created
- Enter the amount received in the amount column
- Click Save and Close

**Bank Deposit**

Account: Checking/PPP Loan Fund Balance: \$45,500.00 Date: 03/01/2020 AMOUNT: \$45,500.00

Don't see the payments you want to deposit?

▼ Add funds to this deposit

RECEIVED FROM	ACCOUNT	DESCRIPTION	PAYMENT METHOD	REF NO.	AMOUNT
1	PPP Loan				45,500.00
2					

Other funds total: \$45,500.00

Memo: [Empty]

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

Total: \$45,500.00

Attachments: Maximum size: 20MB

Cancel Print Make recurring More 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, employer retirement plan contribution, employer health insurance premiums paid). These amounts can be obtained from a Payroll Summary by Employee report. The PPP Loan Funds sub-account will show how much of the funds remain.

- Select +New, then choose Journal Entry
- Enter info as shown
- Click Save and Close

**Journal Entry #1**

Journal date: 08-07-2020 | Journal no.: 1

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME
1	Checking	80-44		Transfer PPP funds for utility payment	
2	Checking-PPP Loan Funds		80-44	Transfer PPP funds for utility payment	
3					
4					
5					
6					
7					
8					

Buttons: Add lines, Clear all lines

Memo: [Text Area]

Attachments: Maximum size: 20MB

Bottom Bar: Cancel, Reverse, Make recurring, More, Save, Save and close



# Payroll Summary by Employee Report

[← Back to report list](#)

Date Range:  Employee:  Display:

[REDACTED]  
Last Paycheck May 1 2020

	TOTAL AMOUNT
<b>EMPLOYEES WAGES, TAXES &amp; ADJUSTMENTS</b>	
<b>Gross Pay</b>	
Regular	\$1,629.32
Holiday	
OT	
Bonus	\$500.00
Sick	
Vac	\$241.50
<b>Total Gross Pay</b>	<b>\$2,370.82</b>
<b>Other Pay</b>	
Total Other Pay	
<b>Deductions from Gross Pay</b>	
Simple IRA	\$56.12
<b>Total Deductions from Gross Pay</b>	<b>\$56.12</b>
<b>Adjusted Gross Pay</b>	<b>\$2,314.70</b>
<b>Taxes Withheld</b>	
FIT	-\$147.53
SS	-\$146.99
Med	-\$34.38
MN PIT	-\$40.69
<b>Total Taxes Withheld</b>	<b>-\$369.59</b>
<b>Deductions from Net Pay</b>	
Total Deductions from Net Pay	
<b>NET PAY</b>	<b>\$1,945.11</b>
<b>EMPLOYER TAXES &amp; CONTRIBUTIONS</b>	
FUTA	-\$0.01
SS	-\$146.99
Med	-\$34.38
MN SUI	-\$2.37
MN WEF	-\$2.37
Simple IRA	\$56.12
<b>Total Employer Taxes and Contributions</b>	<b>-\$242.24</b>



**Journal Entry #2** Help X

Journal date: 05/01/2020 Journal no.: 2

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME
1	Checking	2,426.94		Transfer PPP funds for payroll (2,370.82 wages, 56.12 IRA)	
2	Checking-PPP Loan Funds		2,426.94	Transfer PPP funds for payroll (2,370.82 wages, 56.12 IRA)	
3					
4					
5					
6					
7					
8					

Memo:

Attachments Maximum size: 20MB

Drag/Drop files here or click the icon

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 New ▼
- In the Account Type, choose Other Income
- In the Detail Type, choose Other Miscellaneous Income
- 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 (Payroll Costs including Vacation and Sick Time, Rent, Utilities, Mortgage Interest)



## Account ✕

**Account Type**  
Other Income ▼

**\*Detail Type**  
Other Miscellaneous Income ▼

**\*Name**  
PPP Loan Forgiveness

**Description**

Is sub-account

Enter parent account ▼

Use **Other miscellaneous income** to track income that isn't from normal business operations, and doesn't fall into another Other Income type.

Cancel Save and Close ▼

## 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.

- Select +New, then choose Journal Entry
- Enter info as shown
- Click Save and Close

**Journal Entry #2** Help X

Journal date: 07/24/2020      Journal no.: 2

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME
1	PPP Loan	45,500.00		PPP Loan Forgiveness	
2	PPP Loan Forgiveness		45,500.00	PPP Loan Forgiveness	
3					
4					
5					
6					
7					
8					
<b>Total</b>		45,500.00	45,500.00		

  

Memo

Attachments    Maximum size: 20MB

              

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

