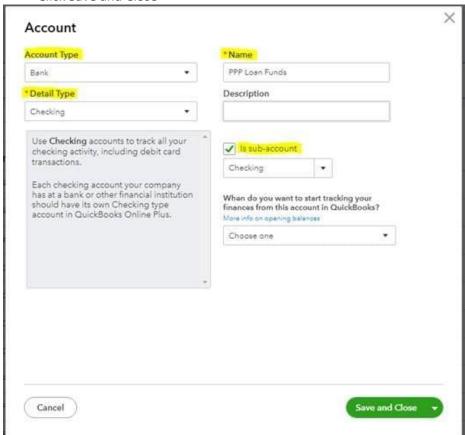# PPP Loan Tracking and Recording Expenses in QuickBooks Online

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.

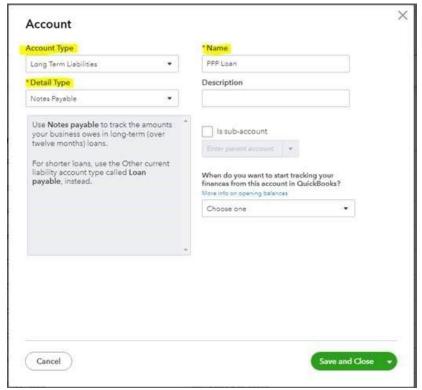## 1) Create a sub-account to the bank account in the Chart of Accounts.

- 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
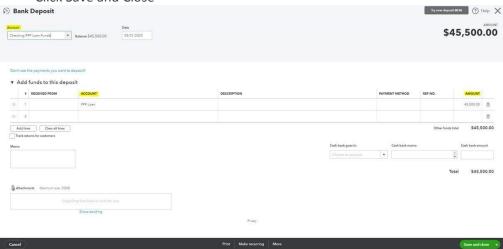- Click Save and Close

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

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
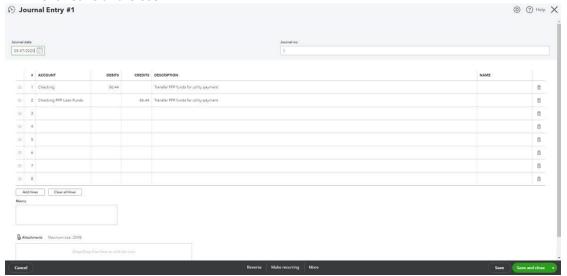- Click Save and Close

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
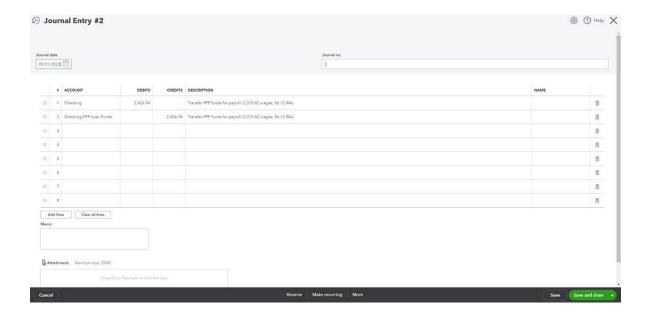- Enter info as shown
- Click Save and Close

Payroll Summary by Employee Report

< Back to report list

Date Range	Employee	Display
Last pay date ▼	Active Employees ▼	Empl...

~~████████████████~~

Last Paycheck May 1 2020

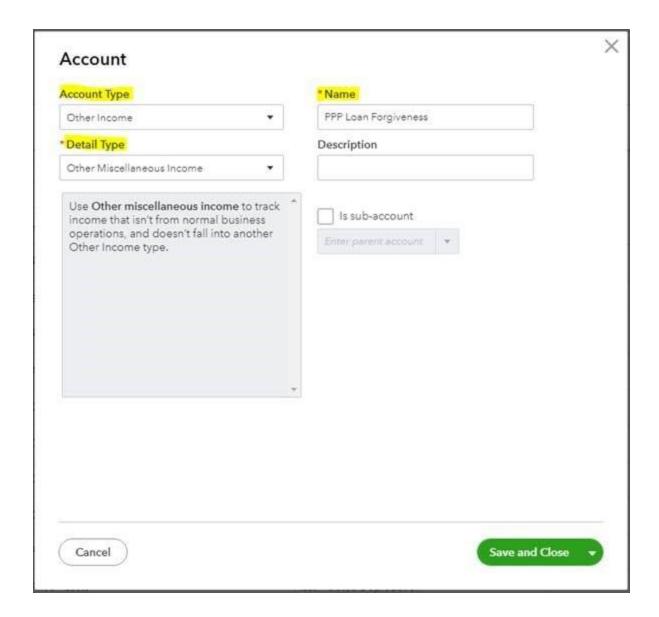|	TOTAL AMOUNT
EMPLOYEES WAGES, TAXES & ADJUSTMENTS	
Gross Pay	
Regular	$1,629.32
Holiday	
OT	
Bonus	$500.00
Sick	
Vac	$241.50
Total Gross Pay	$2,370.82
Other Pay	
Total Other Pay	
Deductions from Gross Pay	
Simple IRA	$56.12
Total Deductions from Gross Pay	$56.12
Adjusted Gross Pay	$2,314.70
Taxes Withheld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

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)
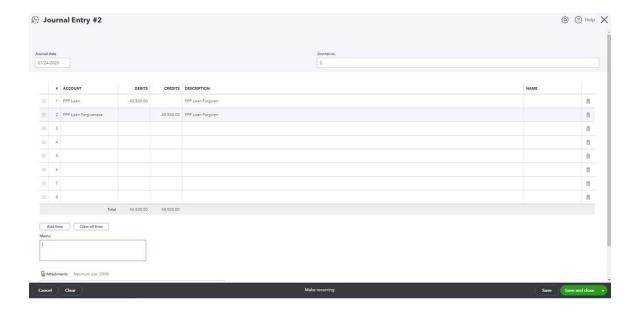
7) Create a journal entry.

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

Journal date	Journal no.
07/24/2020	2

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME	
1	PPP Loan	45,500.00		PPP Loan Forgiven		🗑
2	PPP Loan Forgiveness		45,500.00	PPP Loan Forgiven		🗑
3						🗑
4						🗑
5						🗑
6						🗑
7						🗑
8						🗑
	Total	45,500.00	45,500.00			

Add lines   Clear all lines

Memo

Attachments   Maximum size: 20MB

Cancel   Clear   Make recurring   Save   Save and close

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

CDS