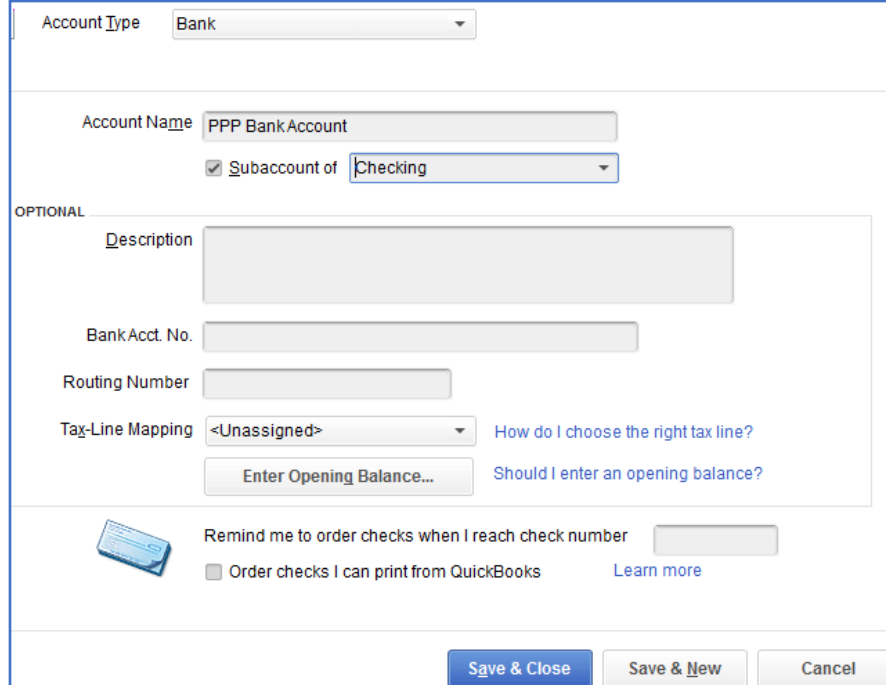

Paycheck Protection Program Best Practices in QuickBooks

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Creating New PPP Accounts in QuickBooks

1. If you use QuickBooks for your accounting software, create a sub-account under your normal checking account. See steps below:
 - a. Go to Lists→Chart of Accounts
 - b. Under Account, click New (or use the keyboard shortcut CTRL+N)
 - c. Choose “Bank”
 - d. Name your new account something like “PPP Bank Account” so it will be easy to identify later.
 - e. Mark the “subaccount of” box and then choose your current bank account:



Account Type: Bank

Account Name: PPP BankAccount

Subaccount of: Checking

OPTIONAL


Description: [Empty text box]

Bank Acct. No.: [Empty text box]

Routing Number: [Empty text box]

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

[Should I enter an opening balance?](#)

 Remind me to order checks when I reach check number [Empty text box]

Order checks I can print from QuickBooks [Learn more](#)

- f. Click Save & Close.
2. Next create a PPP Loan Account following the steps below:
 - a. In the Chart of accounts screen, go to Account, and click New.
 - b. This time, choose “Loan” as the account type.
 - c. Name your new account something like “PPP Loan” so it will be easy to identify later.
 - i. You don’t need to use the Subaccount function for this account.

Recording the PPP Funds in QuickBooks

1. We recommend the following 3 options for recording the funds—

Option 1: Record a journal entry like the one below, where the debit and credit amount is the amount of cash you received. Go to Company→Make General Journal Entries to open the Journal Entry screen.

DATE	04/09/2020	ENTRY NO.	PPP LOAN	<input checked="" type="checkbox"/> ADJUSTING ENTRY
ACCOUNT		DEBIT	CREDIT	MEMO
1100 · Checking:1101 · PPP BankAccount		50,000.00		Record PPP loan proceeds
2501 · PPP Loan			50,000.00	Record PPP loan proceeds

Option 2: Record a deposit like the one below and make sure that the “Deposit to” field has your PPP Bank Account selected:

Deposit To: 1100 - Checki... Date: 04/09/2020 Memo: PPP LOAN PROCEEDS

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
YOUR BANK NAME	2501 · PPP Loan	PPP LOAN PROCEEDS				50,000.00
Deposit Subtotal						50,000.00

Option 3: From the PPP Bank Account register, record a deposit:

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO		
04/09/20	PPP L...	Payee	Payment	50,000.00	50,000.00
	GENJRN	2501 · PPP Loan	Record PPP loan procee...		

Note: Only one of these options should be used!

Recording Allowable Expenses in QuickBooks in the 8-week Period

For eligible utility bills, rent, mortgage interest, or other loan interest...

1. If you use "Checks" to enter your expenses in QuickBooks, it would look like this:

BANK ACCOUNT **1100 - Checking:1101 - PPP Ba...** ENDING BALANCE **50,000.00**

NO. **1**
DATE **04/10/2020**

PAY TO THE ORDER OF **ComEd** \$ **157.19**

One hundred fifty-seven and 19/100***** DOLLARS

ADDRESS
ComEd

MEMO **April bill**

Expenses \$157.19 **Items \$0.00**

ACCOUNT	AMOUNT	MEMO
7750 - Utilities:7751 - Gas and Electric	157.19	

If you use "Bills" to enter your expenses in QuickBooks, it would look like this:

SELECT BILLS TO BE PAID

Show bills Due on or before 04/19/2020 Show all bills

Filter By Sort By **Due Date**

<input checked="" type="checkbox"/>	DATE DUE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE
<input checked="" type="checkbox"/>	04/19/2020	ComEd			157.19

DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL

Vendor **ComEd** Terms **0.00** Number of Credits **0**

Bill Ref. No. Sugg. Discount **0.00** Total Credits Available **0.00**

PAYMENT

Date **04/09/2020** Method **Check** To be printed Assign check number

Account **1100 - Checking:1101 - PPP Bank A** Ending Balance **49,842.81**

For eligible payroll:

2. We recommend the following method—
 - a. Run payroll like you normally do.
 - b. Do a journal entry to transfer the funds from your PPP account to your operating account.
 - i. After you've cut the paychecks, run a payroll summary for just that pay date.
 1. Reports→Employees & Payroll→Payroll Summary
 2. Change the From & To dates to the date of the paychecks.
 3. Click Refresh.
 - ii. Transfer the gross pay using a journal entry like the one below based on the Total Gross Pay on the Payroll Summary.

ACCOUNT	DEBIT	CREDIT	MEMO
1100 - Checking:1101 - PPP Bank Account		1,380.00	Transfer gross pay from 4/15/20 payroll
1100 - Checking	1,380.00		Transfer gross pay from 4/15/20 payroll

Payroll Summary						
April 15, 2020						
John Doe				TOTAL		
	Hours	Rate	Apr 15, 20	Hours	Rate	Apr 15, 20
Employee Wages, Taxes and Adjustm.						
Gross Pay						
Overtime Rate		25.88	0.00			0.00
Regular Pay	80	17.25	1,380.00	80		1,380.00
Total Gross Pay	80		1,380.00	80		1,380.00
Adjusted Gross Pay	80		1,380.00	80		1,380.00

For eligible health insurance or retirement benefits:

3. We recommend either of the following options--

Option 1: Pay the liabilities like you normally would. Then do a journal entry to transfer the funds like step b in the payroll instructions above.

DATE	04/15/2020	ENTRY NO.	HI 4/15	<input checked="" type="checkbox"/> ADJUSTING ENTRY
ACCOUNT		DEBIT	CREDIT	MEMO
1100 - Checking:1101 - PPP Bank Account			145.00	Transfer health insurance payment from 4/15/20 payroll
1100 - Checking	145.00			Transfer health insurance payment from 4/15/20 payroll

Option 2: If you write paper checks for your health insurance or retirement benefits through the "Pay Liabilities" screen (see below), you could change the bank account on the Liability Payment screen.

Pay Employees					Pay Liabilities					File Forms				
Pay Taxes & Other Liabilities														
<input checked="" type="checkbox"/>	DUE DATE		STATUS		PAYMENT		METHOD							
	01/17/22		4 Weeks		CA Withholding and Disability Insurance		Check							
	01/17/22		4 Weeks		Federal 941/944/943		Check							
<input checked="" type="checkbox"/>	01/20/22		5 Weeks		Health Insurance		Check							
	01/31/22		6 Weeks		CA UI and Employment Training Tax		Check							
	01/31/22		6 Weeks		Federal 940		Check							

Liability Payment - PPP Bank Account

Payment 1 of 1 Print

Bank Account: 1100 - Checking:1101 - PPP Bank Ending Balance: 48,852.69

No. To Print

Print As: Mark Townley Insurance Agency Date: 12/15/2021

Pay to the Order of: Townley Insurance Agency \$ 145.00

One hundred forty-five and 00/100***** Dollars

Address: Mark Townley Insurance Agency
P.O. Box 6257
Middlefield CA 94482

Memo: 786-35-009-201

Period: 10/01/21 - 12/31/21

Expenses: \$0.00 Payroll Liabilities: **\$145.00** To be printed

PAYROLL ITEM	AMOUNT	MEMO	CLASS
Health Insurance	145.00		