

Accounting for PPP Loan:

The PPP loan proceeds should be debited to the bank account where your proceeds were received. If you opened a new bank account, you will need to add a new Bank Account to your General Ledger. You will also need to add a new current Liability to your General Ledger called “ Loan – PPP”. The following is an example of how the PPP loan proceeds should be posted in your General Ledger:

	Debit	Credit
Checking – PPP Bank Account	xxxxxxx	
PPP Loan (Current Liability)		xxxxxxx

As you make transfer from your PPP Bank account to your operating account for eligible PPP expenses, the following transfers should be recorded: (These transfers should be made individually so that they tie into the backup for each expense included in the eligible expenses)

	Debit	Credit
Checking – Operating	xxxxxxx	
Checking – PPP Bank Account		xxxxxxx

If there is money in the PPP bank account that was unable to be utilized under this program, these monies should be set returned to the bank at the end of the period. Once you have submitted the loan forgiveness worksheet to the bank and the amount of forgiveness has been calculated, you will post the following entries:

	Debit	Credit
Loan – PPP	xxxxxxx	
Grant Income		xxxxxxx

You may be liable for some interest expense for any proceeds that are unable to be forgiven. You will need to post the interest expense for this amount once it is calculated after forgiveness. This can be expensed and paid. Any excess funds remaining in the Checking – PPP Bank Account should be returned to the bank and the account can be closed out.