



PPP Forgiveness Checklist

Paycheck Protection Program loan forgiveness has two main pillars:

- 1 Spending your PPP funds on the right things
- 2 Tracking and proving your spending

Here is a simple checklist to make sure you've got your bases covered, so you get your loan 100% forgiven.

Pillar one:

Spending PPP funds on the right things

- Spend at least **75%** of the funds on payroll costs
 - Salaries
 - Wages
 - Vacation pay
 - Parental and family leave
 - Medical benefits
 - Sick leave
 - Other health benefits
- Spend the remaining **25%** of the funds on approved expenses
 - Mortgage interest
 - Rent
 - Utilities

* Note: In order for the mortgage interest, rent, and utilities expenses to be forgivable, the mortgage/rent/utilities expenses can't be brand new—they had to be in effect prior to February 15, 2020.



Pillar two: Tracking your expenses

In order to prove your PPP expenses and qualify for forgiveness, we recommend the following six steps.

- Record the PPP deposit as a loan on your books
- Over the next eight weeks, complete bookkeeping on all financial transactions
 - Record the expense amount
 - Record the vendor/payee
 - Record the “category” of the expense (Utilities, Rent, Payroll, etc.)
 - Record the date of the transaction
 - Record the purpose of the transaction
 - Store the receipt or official record (such as payroll records)
- At the end of eight weeks, add up the total amount spent on forgivable categories
- Apply for forgiveness through your lender
- Once the amount of forgiveness has been confirmed by your lender, adjust that amount out of the “Loan” section of your ledger, into a “**Non-Taxable Gains**” ledger
- If you didn’t get full forgiveness of the loan, any remaining amounts will stay in the “**Loan**” category on your books

The rules for self-employment

If you’re self-employed, you can still qualify for the PPP, even if you don’t have employees. The difference is that you’re given a PPP loan based on 2019 net profit, not 2019 payroll records. So you don’t need to spend 75% of the loan on payroll. Instead, eight weeks worth of your 2019 net profit can automatically be forgiven, being treated as a replacement for profit. But for the remainder of the funds, you will need to follow the above checklist.

Get expert bookkeeping support

If you need help with bookkeeping during the eight weeks of the PPP loan, Bench can help. We’ll do your bookkeeping—all online—for as low as \$139/month.

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