

Make Business Record Keeping a Breeze

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5 reasons why you want good records:

1. Taxes.

- IRS would love to tax all your income, even gifts or refunds.
- keep accurate records of your income. If you mix personal and business income into one account, the IRS could consider *all* your income as business income, even the gift from your mom or the proceeds from your garage sale.
- Tip: Recommend separate business checking account. Or at least make your business income deposits separate from personal deposits.

2. Taxes (again). Expenses, so they are be deducted on your tax return.

Story: Disorganized business owner knew that he had more business expenses, but had lost the receipts and no other physical evidence of his purchases.

3. Profit. How do you know if you made a profit? Easy – you add up your income and subtract your expenses. But it's not so easy if you don't know your income or your expenses.

Story: Blogger/Stephanie had no idea of profit until she prepared her tax return.

Tip: A simple profit and loss statement on a columnar pad. Update monthly

4. Longevity. Monthly records= 80% survival rate, once a year at tax time= 30% survival rate.

- Why? You'll reign in expenses or you'll earn more income to cover large expenses.

5. Peace of mind.

- Story: "I'm not afraid of the IRS anymore!" Confident that a simple record keeping system could give her great peace of mind.

Here are some tips for making record keeping easier.

- Debit card. Evidence trail of expenses and no lost receipts
- A calendar for recording trips. Google maps to calculate the distance driven.
- Bank deposit slips as a record of income. List the clients' name and payment amount. The bank won't care if you scribble names on the deposit slip-it's a great record keeping tool.
- Columnar pad. One column should be for recording income, at least one column for expenses. Many business owners use several columns for their expenses so they can easily see where the money is going.
- Software that downloads checking account transactions.
 - Quicken, Mint.com (personal finance),
 - QuickBooks, Freshbooks.com (good for invoicing/freelancers \$20-\$40/mo) and Outright.com (small businesses accounting \$9.95/mo)
- Automatic billing for recurring expenses (i.e., website, Aweber, etc)