

Bookkeeping Tips

for Small Businesses to Save Time and Money



Eric Beepat, CPA

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Most small-business owners view bookkeeping as intimidating or a burden. Bookkeeping doesn't have to be either. Successful business owners embrace bookkeeping and implement a few basic procedures to stay on top of the paperwork. By doing so they undoubtedly save time and money. Here are a few tips to consider for your small business bookkeeping needs and the impact they can have on your business:

1. Immediately get QuickBooks® or another accounting software installed on a computer and get a general idea of the software. There are many YouTube videos and tutorials to show you how to input checks, reconcile bank accounts, print out reports, etc. Then decide on one of the five ways to maintain it:

A. Handle the bookkeeping yourself. Dedicate at least one day a week to input information and reconcile your bank information. Commit yourself to the job, your business deserves it. If you let the transactional input get behind, it can be a daunting task when the work piles up. This is when most business owners give up and keep saying they will get to it and never do. If this happens, you'll usually end up with Option E below.

B. Train and hire a family member or close friend to do the regular procedures of maintaining the books. Have a computer devoted to bookkeeping that he or she can access whenever necessary. Although you pawned off the burden, it is still important that you as the business owner have at least a basic working knowledge of the bookkeeping software program and the procedures. From a supervisory role and internal control system standpoint, this is critical.

C. Hire a local or virtual bookkeeper to handle your books, and turn the books over to your CPA for planning and tax preparation at the end of the year. In this case, you get someone hopefully knowledgeable of bookkeeping and the software chosen. However, the cost per hour is what you have to consider. A strategy that works well in this area is to have a fixed monthly fee so you can budget for the service.

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D. Your last option, and typically what happens to small business owners when your books have been a mess all year, is you engage your CPA to provide bookkeeping services in conjunction with the tax return prep at the end of the year. This can seem to be the most expensive of the options. However, your CPA will probably be the most skilled and be able to complete the work quickly and efficiently. Using your CPA at least you will have the confidence it was done right.

Regardless of your choice, don't ignore the bookkeeping. Procrastinating or avoiding the bookkeeping is the most expensive option of all. You will lose out on deductions you would have recorded in your bookkeeping system.

2. Consider using a scanner or phone application to scan or take a picture of your receipts, business cards or contacts, and other important items. You can then import them directly into QuickBooks. This saves tons of time, and helps audit-proof your records. This is another task that you can outsource to a family member or friend. Save all of the receipts in a box or folio and ask the chosen individual to regularly scan them and organize your paperwork to go paperless. Again, this can save you time and money by avoiding lost deductions at the end of the year and stores support for your expenses in the case of an audit.

3. Maintain separate credit cards for business operations and, of course, your personal expenses. It will make bookkeeping much, much easier and also help maintain your corporate veil (if you have a formal entity). Commingling credit cards with personal and business expenses, makes it difficult when maximizing your tax write-offs. Help your CPA save you money by keeping things separate and organized in categories.

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4. Just as with credit cards, maintain separate checking accounts. Use your business accounts to only pay for business expenses and vice-versa for personal accounts. Don't commingle, and try not to use cash. Use your debit card whenever you can. When you use cash you lose track of potential write-offs. If you have to pull money out of an ATM, at least make a note on the ATM receipt as to what the cash will be used for.

5. Save all tax records for at least six years and consider scanning and saving them to an external storage device. I recommend all my clients to consider purchasing a small fireproof safe. You need one for your passport, life insurance policies, and numerous other important documents anyway. With the safe ready and available, you can create a backup of your bookkeeping software regularly and your tax returns, and save them on a storage drive. You may also want to consider off-site storage for your records and scanned files.

7. Implement some sort of procedure to track your auto mileage. There are great apps like Mileiq or Quickbooks that tracks your mileage. If an app is not an option, keep a written record of business, charitable, and medical mileage; which can be difficult.

8. Finally, commit to meeting with your CPA at least once every six months for at least a few minutes to review your business plans, financials, tax deposit amounts, payroll procedures, tax strategies, etc. The cost of taxes is just too high to just wing it. A few minutes on a regular basis can save thousands. Also, remember that your CPA should be bringing you strategies and ideas in these meetings. If the meeting consists of you throwing out ideas and your CPA shooting them down, you have the wrong CPA.

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Eric Beepat, CPA is the founder and principal of BeepatCPA, a small CPA firm in Hudson County and Burlington County, NJ. He is a Certified Public Accountant with over 17 years of professional accounting, audit, tax and advisory experience. If you are interested in a free consultation, you can reach him at 646-318-7930 or eric@beepatcpa.com

