

Three Ways to Keep Your Business on Track

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Separate Personal and Business Expenses

As a business owner, it is critical to know your cash flow: the money going in and out of your business. Many business owners make the mistake of mixing business and personal expenses. If you keep your business and personal money in one account, it is impossible to tell how much cash your business is generating. Knowing your business cash flow will help you make informed decisions about how to manage your cash in the most efficient manner.

Your business should have its own business checking or credit card account. Most banks offer free or low-cost business bank accounts. Credit unions also offer low-cost business account options. In addition, there are several online-only banks that offer business accounts. If your business has more than one type of service, you might also consider opening separate accounts for each line of business. With dedicated accounts, you can see exactly how much cash is flowing in and out of each line of business.

Having dedicated business accounts saves you time and money and makes it easier to track your business expenses when it is time to file your taxes. Mixing business and personal expenses might result in you not allocating correct amounts to your business come tax time, and you could miss out on valuable deductions, or even worse, get in trouble with the IRS – something you want to avoid at all costs. To avoid any of this, keep your business and personal expenses separate, and your books up to date.

Pay Your Taxes on Time

Business owners are required to make quarterly estimated tax payments to the IRS. Tax paid each quarter is based on how much money you expect the business to make for the year. Most tax preparers will provide you with an estimate of what you should pay for quarterly taxes based on your taxes in the previous year, and how you expect your business to perform for the year. Not paying estimated taxes will lead to penalties and interest, plus whatever taxes you owe the IRS if your business turns a profit. Paying quarterly taxes avoids unnecessary penalties and interest and softens the tax burden come tax time.

Missing Tax Deductions

The tax code provides multiple deductions for businesses. According to [the IRS](#), you can deduct from your business income any expense that is “ordinary and necessary.”

This includes:

- Buying a new printer or computer and office supplies
- Part of your mortgage/rent for a home office
- Website costs and any other marketing materials
- Education and training for your business
- Internet and phone bill
- Travel expenses to meet clients.

If you purchase something for your business from your personal account, make sure you keep the receipt. When you prepare your taxes, you can provide this information to your accountant or tax preparer. Speak with your tax preparer and provide all necessary information so you do not miss out on any deductions. If you use accounting software such as QuickBooks, you can take pictures of your business receipts and upload them into the software.

Keeping tabs on your cash and taxes will go a long way in helping you to stay in control of your business and help you focus your efforts on profitable endeavors. And remember, do not try to do it alone. Your accountant is your business partner and has the resources to help you stay on track.