

# **Recordkeeping 101 for Entrepreneurs**

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# Business Recordkeeping

The manner in which a business owner maintains receipts, invoices, receivables, payables and other business related documents can drastically affect the bottom line of the business.

# Why is it important to develop a good recordkeeping system?

- Tracks deductible expenses.
- Facilitates preparing accurate tax returns.
- Supports deductions and expenses claimed on your business tax return.

# Characteristics of a Good Recordkeeping System

- Simple enough for you to understand.
- Consistent
- Able to grow as your business grows.
- Comprehensive

# Recordkeeping Options

- Doing it yourself. (manually or spreadsheets)
- Computer software. (Quicken, Quick Books, Microsoft Money, etc.)
- Hiring someone or outsourcing.

# 4 Most Common Recordkeeping Mistakes

- Inconsistent entries.
- Unreadable receipts. (spills, fading, torn, etc.)
- Unorganized records.
- Not keeping any records.

# How Long Should You Keep Business Records?

- Tax Returns..... Forever
- Bank Statements..... 6 Years
- Contracts & Leases..... Forever
- Tax/Legal Correspondence. Forever
- Paid Invoices..... 3 Years
- Cancelled Checks..... 3 Years
- Depreciation Schedules..... Tax Life + 3 yrs

# Questions

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