

# How to keep track of your business expenses

Tracking expenses is vital for any business - from keeping an overview of profits, making projections, and increasing tax deductions, to ensuring business costs can be met and employees can be paid.

Despite this, it is a complicated challenge for many businesses to manage their outgoings, causing financial losses and difficulties in decision-making and planning for businesses.

Here are the best ways to keep track of your business expenses, no matter the complexity or amount.

## A Business Bank Account and credit card

Reporting your business finances is much simpler with a separate business account where you can easily track all of the expenditures and income. It also helps you maintain an overview and separation between personal and business expenses.

It is also necessary for business-only transactions and provides an instant record of these for the authorities.

A separate credit card that comes with a business bank account supports the separation of expenses, and many also come with cashback and points toward rewards.

## Financial Management Software

A wealth of excellent software is available to make light work of managing your personal and business finances. A suitable program can be an excellent resource for keeping a clear overview of your expenses and also come with handy ways to track your income and investments.

Many enable you to take photos of receipts and store them in the app as written records of your expenses, saving time and effort. Some have tools that assist with budgeting and saving and plenty of other additional services too.

Once you have signed up for your chosen software, you can connect your bank accounts, so it provides you with real-time information on your transactions and balances.

## Scan Receipts as You Go

With most financial management software, you can digitize your receipts so that the important information is saved as text. There are also separate scanners available with this same OCR technology, enabling you to turn printed text into machine-readable code to be saved in your computer files. This is a much clearer, easier method of storing records.

Aim to scan receipts in as you go, to save them from piling up and requiring extra organization. This will save you stress and hours of precious time when it comes to filing taxes.

In keeping with transparency within all your accounts, you should also organize any necessary paper receipts from the last 3 years, in case of an audit by the IRS. These can be filed into separate envelopes or files in an organized folder. Finding the most helpful system of labeling for you will be beneficial in the long run.

## Create a budget

Any business owner knows that a budget is one of the most important foundations any business decision rests on. It is the backbone of how your business functions financially.

Formulating a budget will require you to establish how much your business is making and calculate a realistic estimate of its costs. This process already equips you with the vital knowledge to continue to make realistic budgets.

Tracking the real expenses against the budgeted expenses enables you to keep your business on track as well as move forward financially.

## Keep on top of tax deductions

When it comes to filing taxes, it can be daunting to consider each item against the long list of tax-deductible expenses available. However, businesses can make huge savings by fully or partially writing off most of their expenses, if they can be proven and have receipts and statements.

It can be helpful to keep a note of the deductible expenses that are possible for your business in advance. Charting your expenses meticulously with software or a spreadsheet will enable you to make a note of which expenses are tax-deductible as you go along. This can give you a clearer overview of how much tax your business will have to pay in the future.

## Check and Categorize Your Expenses

Losing sight of how many different expenses your business may have is a mistake you can't afford to make. It is worthwhile making time to regularly review how the expenses are affecting your business.

Assigning your expenses to different categories is also necessary for gaining a clearer overview of how your business is running. It also makes it possible to find individual pieces of information more quickly, and easily establish tax-deductible expenses.

They can be organized into the categories outlined as tax-deductible by the IRS, e.g., office supplies or travel costs, as well as broader topics. These categories are often outlined in finance software, so it is beneficial to learn how to use them.