



Tracking Expenses for a Small Business

When you are running a small business, it is important to keep track of your business related expenses. These expenses can off-set your income and help reduce your tax liability

Some suggestions on how to keep track of these expenses:

1. Always keep your business expenses separate from your personal expenses. Regardless of whether you pay by cash, check, debit card, or credit card, save all of your receipts. When your bank statement comes in each month, staple your saved receipts to the matching statement. Remember, if you use a personal credit card or check to pay a business expense, make sure that the business reimburses you personally for that expense. Your cancelled check or credit card statement can be used as the receipt.
2. Designate a file folder, storage box, or another specific place to accumulate your receipts. Use four "pocket-type" file folders. These folders should be labeled for the four quarters of the calendar year (Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec). During the quarter, toss your receipts into the proper folder. If the receipt is not self-explanatory (or does not print out a description of the item), make a short note ("presentation folder for Flamingo Publishing proposal") on the receipt.
3. At the end of the quarter, organize your receipts (by date), and record the dollar amounts. Calculate your total quarterly business expenses. You will need to track and total your expenses for each of the categories that are pre-set by the IRS. (See back for list).
4. Also, it is always a good idea to review IRS documentation published for accounting relating to your specific type of entity. Here are some helpful links:
 - a. For Individuals who use Schedule C: [Publication 334](#)
 - b. For C-Corporations filling Form 1120C: [Publication 542](#)
 - c. For S-Corporations filing Form 1120S: [Instructions for form 1120S](#)



Examples of Business Expenses you may incur:

- * Advertising Expenses- marketing costs & inventory used for promotion
- * Automobile Expenses – gas, repairs, maintenance
- * Bank Service Charges – monthly fees, nsf fees
- * Computer Expenses
- * Contributions
- * Depreciation Expense
- * Discounts Taken
- * Dues & Subscriptions
- * Gross Wages
- * Insurance
 - o Auto Insurance
 - o Business Liability & Contents
 - o Disability Insurance
 - o Life Insurance
 - o Medical Insurance
- * Interest expense – interest charged on credit cards & loans
- * Internet
- * Janitorial/cleaning
- * Legal Fees
- * Licenses & Permits
- * Maintenance & Repairs
- * Meals and entertainment
- * Merchant Credit Card Fees
- * Miscellaneous
- * Office Expenses
- * Office Supplies
- * Other- needs to be specified
- * Outside Services
- * Payroll Expenses -federal & state taxes
- * Postage & Delivery
- * Professional Fees – accounting, consulting
- * Rent
- * Repairs & Maintenance
- * Salaries- Officers
- * Taxes - real estate, personal property
- * Telephone – can include land lines and cell phones
- * Travel – air, hotel, taxi, parking expenses
- * Utilities