

Top 5 Bookkeeping Mistakes

Small Businesses Make
(And How To Avoid Them)

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Running a small business is rewarding, but staying on top of your bookkeeping can be challenging. Avoiding common pitfalls can save you time, money, and stress. Here are the top five bookkeeping mistakes small businesses make and practical tips to avoid them:

1. Mixing Personal and Business Finances

The Mistake: Many small business owners use personal bank accounts for business transactions, making it difficult to track expenses and prepare for taxes.

How to Avoid It:

- Open a dedicated business bank account and credit card.
- Use bookkeeping software to separate and categorize transactions automatically.
- Maintain clear boundaries between personal and business purchases to avoid confusion and potential IRS scrutiny.

2. Failing to Reconcile Accounts Regularly

The Mistake: Ignoring bank and credit card reconciliations can lead to discrepancies in your financial records, making it harder to spot errors or fraud.

How to Avoid It:

- Reconcile your accounts at least once a month.
- Use tools like QuickBooks Online to automate and streamline the reconciliation process.
- Regularly review statements to identify any unauthorized transactions.

3. Ignoring Tax Deadlines and Obligations

The Mistake: Missing tax deadlines or underestimating your tax obligations can result in costly penalties and interest.

How to Avoid It:

- Track key tax deadlines using a calendar or reminder system.
- Set aside a percentage of your income for taxes in a separate account.
- Work with a CPA to stay compliant and maximize deductions.



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4. Not Keeping Detailed Records

The Mistake: Poor record-keeping can lead to missing deductions, inaccurate reports, and challenges during audits.

How to Avoid It:

- Save all receipts, invoices, and financial documents—digital storage solutions like Google Drive or Dropbox work well.
- Use software to scan and categorize receipts.
- Regularly back up your financial records to avoid losing critical data.

5. DIY Bookkeeping Without the Right Tools or Knowledge

The Mistake: Attempting to manage your bookkeeping manually or without sufficient expertise can lead to errors and inefficiencies.

How to Avoid It:

- Invest in user-friendly bookkeeping software like QuickBooks Online.
- Take a basic bookkeeping course to understand financial principles.
- Consider hiring a professional bookkeeper or CPA to ensure accuracy and save time.

Bonus Tip: How a CPA Can Help

Partnering with a CPA for your bookkeeping needs ensures your records are accurate, tax-ready, and compliant with financial regulations. As a CPA with years of experience, I specialize in helping small businesses like yours navigate bookkeeping challenges with ease. Let's work together to keep your finances on track!

Download this PDF to keep these tips handy and get started on improving your bookkeeping today!

Want more personalized advice? Contact me for a **free consultation**.