PRACTICAL EBOOK AND WORKBOOK

Small Business Record Keeping

A plain-English system for tracking income, expenses, receipts, mileage and invoices, so tax time and money decisions stop being stressful.

SAMPLE

Digital Bundle House

Edition 1.0 · 2026 · Guide + workbook

Preview sample - selected pages only. The full guide and worksheets are in the paid download.

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How to use this book

Good records answer three questions: how much came in, how much went out, and can you prove it?

Record keeping is not the same as doing your taxes. It is the daily and monthly habit that makes taxes, loan applications and business decisions straightforward. This book focuses on the habit. It is written for US small businesses and uses IRS Publication 583, *Starting a Business and Keeping Records*, as its main reference.

What you will need

- Recent bank and card statements for any account you use for business.
- Any receipts, invoices and sales records you already have.
- A folder or box for paper, or a folder on a backed-up drive for digital records.
- The worksheets, or the same columns set up in a spreadsheet or accounting app.

Time you will spend

Routine	Time	What happens
Daily (or as it happens)	2 min	Capture receipts, note mileage
Weekly	20-30 min	Log income and expenses, send invoices, follow up payments
Monthly	45-60 min	Reconcile accounts, review profit, file records
Quarterly	30 min	Review estimated tax position with your preparer or IRS worksheets
Yearly	2-3 hours	Year-end checklist, hand over to tax preparer, archive

> **Paper, spreadsheet or software?**
> All three can work. The IRS does not require any particular method, as long as your records clearly show your income and expenses. Choose the one you will keep up with.

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CHAPTER 1

Why records matter and what the IRS expects

Records protect you. They prove your income, support your deductions and show how your business is really doing.

According to IRS Publication 583, good records help you monitor the progress of your business, prepare financial statements, identify the sources of your receipts, keep track of deductible expenses, prepare your tax returns and support items reported on them. If the IRS examines a return, you must be able to show the figures are correct.

Supporting documents the IRS lists

Type	Examples
Gross receipts	Cash register tapes, bank deposit records, receipt books, invoices, credit card charge slips, Forms 1099-NEC and 1099-K
Purchases	Canceled checks or other proof of payment, cash register tape receipts, credit card sales slips, invoices
Expenses	Canceled checks, account statements, credit card slips, invoices, petty cash slips
Travel, gifts, car use	Records described in IRS Publication 463, including a mileage log for business car use
Assets	Purchase date and cost, improvements, depreciation, sale details
Employment taxes	Payroll records, if you have employees

Choose your accounting method

Most small businesses use the **cash method**: you record income when you receive it and expenses when you pay them. The **accrual method** records income when earned and expenses when incurred, regardless of when money changes hands. Some businesses are required to use accrual; check with a tax professional if you hold inventory or have higher revenues. Whichever method you choose, use it consistently.

> **Example: Lena's business**
>
> Lena runs a one-person graphic design studio from home and sells printed art at weekend markets. She has been using her personal account for everything and keeping receipts in a shoe box. Lena is our running example; each chapter shows how she sets up her system.

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WORKSHEET 1

Business setup and category planner

Record your basic setup and choose 15 to 20 categories that match the tax form you file.

Item	Details
Business name and structure	
Accounting method (cash / accrual)	
Business bank account	
Business card(s)	
Record system (paper / spreadsheet / software)	

Income categories	Expense categories	Tax form line (if known)

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