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EXPENSES

As a real estate agent or realtor, it's easy to get your person and business finances tangled up. Keeping your finances separate will make it easier to find deductions during tax season, grow your business and stay organized.

Ben Sutton • Feb. 19, 2019

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Here are 6 ways to keep your personal and business finances separate as a real estate agent or realtor:

1. **Set up separate bank accounts.**

If you haven't done this yet, it's never too late. Set up a business account then, when tax time comes, you'll only have to review one account for deductions and expenses. It may be hard to differentiate between business and personal purchases made through your personal account. This can be especially difficult months after the fact. Not only is having separate accounts tax smart, it improves overall organization of your business life.

2. **Get a business credit card.**

Much like a separate bank account, a business credit card provides records of purchases. If you were to be audited you will have proof of business purchases. You shouldn't maintain a balance on your business credit card. However, if you do, the interest rate is deductible as a business expense. Building up a line of credit for your real estate business that is separate from your personal credit is an added benefit.

3. **Keep meticulous track of shared expenses.**

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Keeping track along the way will help you get the most bang for your buck during tax season. You can calculate what percentage of these bills exactly is deductible when you prepare your taxes, but you need a record to go off of.

4. **Understand what is a business expense and what isn't.**

Having separate bank accounts and credit cards for your personal and business expenses makes this step infinitely easier. You may be less tempted to make a business purchase if you have to actually put the item on a business credit card. You may think twice about what qualifies as a "business lunch" or "business travel" as well. Don't plan to put a business purchase on your personal card and reimburse yourself later. Keep in mind that food and entertainment for business can be deducted at 50% on your taxes, but only if a serious business conversation took place before, during or after the occasion.

5. **Set your salary and stick to it.**

If you own your own real estate business and maintain separate business and personal accounts, you'll need to set yourself a salary to keep things organized. You'll find it easier to stay on budget if you write yourself a check from your business to your personal account for the same amount each month.

6. **Consult a professional.**

If you have questions about what qualifies as a business expense or what portion of a bill for your home office is tax deductible, contact a professional accountant to help you clarify. An accountant will also be able to help you keep your expenses separate and organized all year long.

Maintaining an organized small business bookkeeping system as a real estate agent can save you a lot of time and money during tax season. Keep your business

organized and professional by streamlining this process or hiring a professional to

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