
Expense Tracking Setup Guide

Free download from [Holdings](#) — AI-native business banking

Set up a complete expense tracking system in under an hour. Follow each section in order, then use the checklists weekly and monthly to keep everything current.

Part 1: System Setup Checklist

Complete these once. Check off as you go.

- Open a dedicated business bank account** (if you don't have one)
- Get a business debit or credit card** linked to that account
- Choose your tracking tool** (Holdings AI bookkeeping, QuickBooks, Xero, Wave, or spreadsheet)
- Connect your bank feed** to your tracking tool
- Set up expense categories** (use the list in Part 2 below)
- Create automation rules** for recurring vendors (subscriptions, utilities, supplies)
- Set up receipt capture method:**
 - [] Cloud folder (Google Drive / iCloud) for phone photos, OR
 - [] Receipt scanning app (Dext, Expensify, Shoeboxed), OR
 - [] Email label/filter for digital receipts
- Set up your mileage tracker** (MileIQ, Everlance, or manual log)
- Share read-only access with your CPA/bookkeeper**
- Schedule recurring calendar events:**
 - [] Daily: 5-minute expense sweep (end of workday)

- [] Weekly: 15-minute review (Monday morning)
 - [] Monthly: 30-minute reconciliation (first Monday of each month)
 - [] Quarterly: estimated tax payment review
 - [] Annual: year-end audit (first week of December)
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Part 2: Complete Expense Category List

Based on IRS Schedule C categories. Use these as your foundation, then add sub-categories specific to your business.

Income Categories

- Gross receipts / sales
- Returns and allowances
- Other income (interest, refunds, etc.)

Expense Categories

Advertising & Marketing

- Online advertising (Google Ads, Facebook Ads, LinkedIn Ads)
- Print advertising
- Website hosting and domains
- SEO and content marketing services
- Business cards and print materials
- Sponsorships
- Promotional products
- Trade show and event fees

Car and Truck Expenses

- Mileage (standard rate: \$0.70/mile for 2026 — verify at IRS.gov)
- Gas and fuel (if using actual expense method)
- Maintenance and repairs (if using actual expense method)
- Insurance (if using actual expense method)
- Parking and tolls (deductible under either method)

Commissions and Fees

- Sales commissions paid

- Payment processing fees (Stripe, Square, PayPal)
- Bank fees and service charges
- Merchant account fees

Contract Labor

- 1099 contractors
- Freelancers
- Temporary staffing

Depreciation

- Equipment (over \$2,500 unless electing Section 179)
- Vehicles (business-use portion)
- Furniture and fixtures
- Leasehold improvements
- Section 179 deduction (up to \$1,220,000 for 2026 — verify)
- Bonus depreciation

Employee Benefits

- Health insurance contributions
- Retirement plan contributions (employer match)
- Workers' compensation
- Employee education and training
- Other fringe benefits

Insurance

- General liability
- Professional liability (E&O)
- Property insurance
- Commercial auto insurance
- Business interruption insurance
- Cyber liability insurance
- Health insurance (self-employed — above-the-line deduction)

Interest

- Business loan interest
- Business credit card interest
- Equipment financing interest

- Line of credit interest

Legal and Professional Services

- Attorney fees
- CPA / accounting fees
- Bookkeeping services
- Business consulting
- Tax preparation
- Payroll service fees

Office Expenses

- Office supplies (paper, ink, pens, etc.)
- Postage and shipping
- Printing and copying
- Cleaning and janitorial
- Coffee and kitchen supplies (for office)

Rent or Lease

- Office rent
- Warehouse or storage rent
- Equipment leases
- Vehicle leases (business portion)
- Coworking space membership

Repairs and Maintenance

- Office equipment repairs
- Building maintenance
- IT support and repairs
- Vehicle maintenance (if using actual expense method)

Software and Technology

- SaaS subscriptions (list each: CRM, email, project management, etc.)
- Software licenses
- Cloud storage
- IT infrastructure (servers, network equipment)
- Phone and internet (business portion)

Taxes and Licenses

- State and local business taxes
- Business licenses and permits
- Professional license renewal fees
- Franchise taxes

Travel

- Airfare
- Hotel / lodging
- Ground transportation (rental car, rideshare, taxi)
- Baggage fees
- Tips related to travel services
- Conference registration fees (travel-related)

Meals (50% Deductible)

- Client meals (note: who was present, business purpose)
- Team meals during business travel
- Business meeting meals

Utilities

- Electricity (business portion)
- Water (business portion)
- Gas/heating (business portion)
- Internet (business portion)
- Phone (business portion)

Wages and Salaries

- Employee wages
- Bonuses
- Commissions
- Payroll taxes (employer portion)

Home Office (if applicable)

- Simplified method: $\$5/\text{sq ft} \times \text{office sq ft}$ (max 300 sq ft = \$1,500)
- Actual method: percentage of mortgage/rent, utilities, insurance, repairs

Education and Training

- Courses and certifications
- Books and publications

- Conference registration (non-travel)
- Professional memberships and dues

Other / Miscellaneous

- Use sparingly — categorize everything you can
 - Bank fees not elsewhere classified
 - Research expenses
 - Gifts (\$25 limit per recipient per year)
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Part 3: Weekly Review Checklist

Complete every Monday morning. Target: 15 minutes.

Transaction Review

- Review all transactions from the past 7 days
- Categorize any uncategorized transactions
- Flag and remove any personal expenses from business account
- Verify recurring charges are correct amounts

Receipt Check

- All purchases from past week have corresponding receipts captured
- Meals have notes: attendees + business purpose
- Cash expenses logged manually

Mileage

- Review and classify trips in mileage tracker
- Verify business vs. personal classification is accurate

Quick Scan

- Any unexpected charges? (Investigate and dispute if needed)
- Any subscriptions to cancel?
- Anything needing CPA attention? (Flag it)

Notes for this week:

Part 4: Monthly Reconciliation Template

Complete in the first week of each month for the prior month.

Month: _____ Year: _____

Bank Reconciliation

Bank statement ending balance: \$ _____

Tracking system ending balance: \$ _____

Difference: \$ _____ (should be \$0)

If difference exists — identify and resolve:

- [] Missing transactions?

- [] Duplicate entries?

- [] Pending transactions that cleared?

Category Review

Category	This Month	Last Month	YTD	Notes
Advertising	\$	\$	\$	
Car/Truck	\$	\$	\$	
Contract Labor	\$	\$	\$	
Insurance	\$	\$	\$	
Office	\$	\$	\$	
Professional Svcs	\$	\$	\$	
Rent	\$	\$	\$	
Software/Tech	\$	\$	\$	
Travel	\$	\$	\$	

Meals	\$	\$	\$	
Utilities	\$	\$	\$	
Other	\$	\$	\$	
TOTAL	\$	\$	\$	

Flags

- Any category significantly higher than usual? Why?
- Any new recurring expenses added this month?
- Any recurring expenses to cancel?
- Estimated tax payment due this quarter? Amount: \$ _____

Part 5: Year-End Expense Audit Template

Complete in the first week of December (or early January at the latest).

Year: _____

Documentation Check

- All 12 months reconciled (bank statements match tracking system)
- All receipts digitized and organized by month
- Mileage log complete with dates, destinations, purposes, and totals
- Home office measurements documented (if claiming)
- Asset purchase records organized (equipment, vehicles, property)

Income Verification

- Total income matches bank deposits
- 1099s received match your records (check in late January)
- Any unreported income identified and documented

Deduction Maximization

- Home office deduction calculated (simplified or actual)

- Vehicle deduction calculated (standard mileage or actual)
- Health insurance premiums documented (self-employed deduction)
- Retirement contributions maximized before deadline:
 - [] SEP IRA: up to 25% of net self-employment income (max ~\$69,000 for 2026)
 - [] Solo 401(k): up to \$23,500 employee + 25% employer (check current limits)
- Section 179 / bonus depreciation reviewed for equipment purchases
- Charitable contributions documented (if applicable)
- Education expenses documented


Pre-Filing Prep

- All categories reviewed and cleaned up
- Miscellaneous/Other category under 5% of total expenses
- Export complete transaction report for CPA
- Export receipt files organized by category or month
- Mileage summary report exported
- Notes on any unusual items CPA should know about:

CPA Package Contents

- Full year transaction export (categorized)
- Bank statements (all 12 months)
- Receipt files
- Mileage log
- Asset / depreciation schedule
- 1099s received
- Prior year tax return (if switching CPAs)
- Questions or items to discuss:

This guide is for informational purposes. Tax laws change — always verify current rates and rules with your CPA or at IRS.gov.

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