TaxStache Monthly Bookkeeping Checklist
For business owners, freelancers and self-employed taxpayers who would like their books to be less of a disaster.
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This checklist exists because most small business owners don't have a bookkeeping problem. They have a *system* problem. The transactions happen. The receipts exist, somewhere. The bank statements arrive whether you open them or not. What's missing is the 60 minutes once a month where you sit down, reconcile everything and confirm that the numbers in your records match reality.

Month-end close is not a corporate ritual reserved for companies with CFOs. It is the minimum viable maintenance required to know whether your business is profitable, whether you're setting aside enough for taxes and whether you'll survive an IRS inquiry without a nervous breakdown.

The checklist below covers 12 steps. The first time through takes 90 minutes. After that, expect 45 to 60 minutes per month. If you're doing this consistently, your year-end tax prep drops from a multi-week ordeal to a single afternoon.

Important reminder: The IRS requires "adequate records" under IRC §6001. What constitutes "adequate" tends to be defined retroactively, usually by an auditor who has a more ambitious interpretation than you do. Monthly reconciliation is your best protection against that conversation going poorly.

Section 1: Bank and Credit Card Reconciliation

This is the foundation. Everything else depends on this being right.

☐ **Reconcile primary business checking account**

- Match every transaction in your bookkeeping software to your bank statement
- Flag unmatched transactions (deposits, withdrawals, fees)
- Investigate and resolve discrepancies before moving on
- Confirm ending balance matches

☐ **Reconcile business savings/reserve accounts**

- Match transfers and interest earned
- Confirm ending balance matches

☐ **Reconcile business credit card(s)**

- Match every charge to your records
- Categorize each transaction (not "Miscellaneous," not "Other," not "Ask later")
- Flag any personal charges for reclassification
- Confirm statement balance matches your records

☐ **Reconcile PayPal, Stripe, Square or other payment processors**

- Match deposits to your bank account
- Account for processing fees (these are deductible)
- Confirm net deposits match what your processor reports

Notes / issues found:

Section 2: Income Review

☐ **Review all income recorded for the month**

- Confirm invoices issued match services delivered or products shipped
- Verify payment amounts match invoice amounts (watch for partial payments)

☐ **Review accounts receivable (A/R)**

- List outstanding invoices and their age
- Follow up on anything over 30 days
- Flag anything over 60 days for escalation or write-off consideration

☐ **Confirm 1099 income matches your records**

- If you receive payments from clients who will issue 1099s, confirm your running total matches theirs (prevents year-end surprises)

Outstanding A/R this month: $________ Oldest unpaid invoice: ________ days

Section 3: Expense Review

☐ **Categorize all uncategorized transactions**

- Empty the "uncategorized" or "ask my accountant" bucket entirely
- Use IRS Schedule C categories as your baseline (advertising, insurance, office, etc.)

☐ **Review accounts payable (A/P)**

- List bills due in the next 30 days
- Confirm recurring subscriptions and payments are recorded

☐ **Verify owner draws and personal expenses**

- Reclassify any personal charges on business accounts as owner draws
- Confirm owner contributions are recorded as equity, not income

☐ **Review mileage and vehicle expenses**

- Update mileage log for the month (date, destination, purpose, miles)
- Running total for the year: _________ miles

☐ **Confirm receipt documentation**

- Every expense over $75 should have a receipt on file
- Business meals require: date, amount, attendees, business purpose
- Digital photos of receipts are IRS-compliant (Rev. Proc. 98-25)

Section 4: Recurring Entries and Adjustments

☐ **Record depreciation** (if tracking monthly)

- Vehicles, equipment, office furniture, computers

☐ **Record prepaid expense amortization**

- Annual insurance premiums, software subscriptions paid annually, etc.

☐ **Record loan payments**

- Split between principal (balance sheet) and interest (expense)
- Confirm amortization schedule matches actual payments

☐ **Record any accrued expenses** (accrual-basis taxpayers only)

- Expenses incurred but not yet paid

Section 5: Payroll Review (If Applicable)

☐ **Confirm wages and salaries recorded correctly**
☐ **Confirm employer payroll taxes recorded** (FICA match, FUTA, SUTA)
☐ **Confirm payroll tax deposits made on time** (semi-weekly or monthly per your EFTPS schedule)
☐ **Confirm contractor payments recorded** (will need 1099s at year-end for $600+)

Section 6: Sales Tax Review (If Applicable)

☐ **Confirm sales tax collected matches liability account**
☐ **Note upcoming sales tax filing deadlines**
☐ **Confirm nexus obligations are current** (new states where you've crossed economic nexus thresholds)

Sales tax collected this month: $________ Sales tax remitted this month: $________

Section 7: Financial Statements Review

☐ **Run Profit and Loss (P&L) statement**

- Does the bottom line make sense?
- Any category dramatically higher or lower than last month?
- Compare to same month last year if available
- Net profit/loss this month: $________

☐ **Run Balance Sheet**

- Do assets, liabilities and equity balance?
- If not, revisit Sections 1–6
- Total assets: $________
- Total liabilities: $________
- Owner's equity: $________

☐ **Review cash flow**

- Is cash increasing or decreasing month over month?
- Are you setting aside enough for quarterly estimated taxes?
- Estimated tax reserve needed: $________

Section 8: Tax Prep Running Notes

☐ **Update estimated tax payment tracker**

- Amount paid this quarter: $________
- Year-to-date total: $________
- Next estimated payment due: ________

☐ **Flag unusual or one-time transactions**

- Equipment purchases (may qualify for Section 179 or bonus depreciation)
- Large charitable contributions

- Casualty losses or insurance reimbursements
- Significant asset sales

☐ **Note any changes in business structure or circumstances**

- New state nexus, new employees, entity changes, new partners

Section 9: Backup and Archive

☐ **Export monthly P&L and Balance Sheet as PDF**
☐ **Back up bookkeeping data** (cloud export, local copy or both)
☐ **File digital receipts for the month** (organized by date or category)
☐ **Confirm bank and credit card statements are saved**

Monthly Tracking Summary

Month	Bank Reconciled	P&L Reviewed	Balance Sheet Balanced	Receipts Filed	Completed Date
January	☐	☐	☐	☐	________
February	☐	☐	☐	☐	________
March	☐	☐	☐	☐	________
April	☐	☐	☐	☐	________
May	☐	☐	☐	☐	________
June	☐	☐	☐	☐	________
July	☐	☐	☐	☐	________
August	☐	☐	☐	☐	________
September	☐	☐	☐	☐	________
October	☐	☐	☐	☐	________
November	☐	☐	☐	☐	________
December	☐	☐	☐	☐	________

When to Hire a Bookkeeper

Situation	What to do
Spending 3+ hours/month on bookkeeping	Consider a part-time bookkeeper ($300–$600/month)
Reconciliation errors you can't resolve	Hire a bookkeeper for a one-time cleanup ($500–$1,500)
Revenue exceeding $250K	Professional bookkeeping pays for itself in accuracy
Preparing for a loan or investor	Clean books are non-negotiable; hire now
Multiple entities or state filings	Bookkeeper with multi-entity experience
Behind by 3+ months	Catch-up bookkeeping service before year-end

This checklist is for informational and planning purposes only and does not constitute professional tax or financial advice. Record-keeping requirements are based on current IRS rules and are subject to change. Always verify current requirements with a qualified tax professional.

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