New Business Bookkeeping Setup Checklist

Start with clean books and good habits from day one.

A practical bookkeeping setup guide for small business owners

1. Separate Business & Personal Finances

- Open a dedicated business checking account
- Use a dedicated business credit card when appropriate
- Deposit business income into business accounts
- Pay business expenses from business accounts whenever possible
- Avoid using business accounts for personal spending
- Establish a consistent process for recording owner contributions, draws or distributions
- Keep documentation for any business expense paid personally

Bookkeeper's Note:
Keeping business and personal finances separate from the beginning makes bookkeeping cleaner, financial reports more useful and documentation easier to maintain.

2. Set Up Your Bookkeeping System

- Choose accounting software appropriate for your business
- Set up the legal business name, address and tax information correctly
- Choose the appropriate accounting method with guidance from your tax professional when needed
- Create or review the Chart of Accounts
- Set up business bank and credit card accounts in the accounting system
- Enter accurate opening balances when applicable
- Connect bank feeds carefully and confirm the correct accounts are linked
- Set up classes, locations or other tracking only when they serve a clear reporting purpose

3. Set Up Income & Customer Processes

- ■ Decide how customers will be invoiced or sales will be recorded
- ■ Set up products and services used for invoicing
- ■ Establish payment terms and a process for following up on overdue invoices
- ■ Connect merchant processors such as Square, Stripe or PayPal when appropriate
- ■ Understand how processor deposits, fees and refunds will be recorded
- ■ Create a process for matching customer payments to invoices
- ■ Decide how cash, checks, ACH and credit card receipts will be documented

4. Set Up Bills, Expenses & Vendors

- ■ Create a consistent process for entering bills and expenses
- ■ Set up vendor records with complete contact information
- ■ Obtain a completed Form W-9 from applicable vendors before payment whenever possible
- ■ Store W-9s securely and make them easy to retrieve for year-end reporting
- ■ Establish an approval process for bills and larger purchases when appropriate
- ■ Decide how employee or owner expense reimbursements will be documented
- ■ Create a system for collecting and retaining receipts
- ■ Use consistent vendor names to avoid duplicate vendor records

Bookkeeper's Note:
Build the W-9 process now. Obtaining a completed Form W-9 from applicable vendors before payment whenever possible is much easier than chasing missing information at year-end.

5. Payroll & Contractor Setup

- Determine whether the business will have employees, independent contractors or both
- Choose a payroll system before the first payroll is due
- Set up payroll tax accounts and required registrations when applicable
- Collect required employee onboarding documentation
- Establish a process for recording payroll and payroll liabilities in the books
- Keep contractor records separate from employee payroll records
- Review worker classification questions with the appropriate professional when uncertain

6. Taxes & Filing Responsibilities

- Identify federal, state and local filing requirements that apply to the business
- Determine whether sales, excise or similar taxes apply
- Record tax collected or owed in appropriate liability accounts
- Create a calendar for recurring filing and payment deadlines
- Set aside funds for expected tax obligations
- Retain filing confirmations and payment records
- Coordinate with a tax professional regarding estimated taxes and entity-specific requirements

7. Hawaii Business Setup

- Determine whether Hawaii General Excise Tax (GET) registration is required
- Confirm the business's GET filing frequency
- Understand which business activities and revenue streams may be subject to GET
- Set up bookkeeping accounts to track GET liabilities clearly
- Create a process for reconciling bookkeeping revenue to GET filings
- Keep GET filings and payment confirmations with business records

8. Loans, Assets & Owner Funding

- ■ Record startup funds contributed by the owner appropriately
- ■ Document business loans and financing agreements
- ■ Separate loan principal from interest expense when recording payments
- ■ Keep purchase documentation for vehicles, equipment and other significant assets
- ■ Identify major purchases that may need fixed-asset treatment
- ■ Keep business and personal loans clearly separated
- ■ Review unusual funding transactions with your bookkeeper or tax professional

9. Build Your Monthly Bookkeeping Routine

- ■ Choose a regular day each month to complete bookkeeping
- ■ Categorize and review all bank and credit card transactions
- ■ Reconcile every bank and credit card account to its statement
- ■ Review Accounts Receivable and follow up on overdue invoices
- ■ Review Accounts Payable and upcoming cash requirements
- ■ Review payroll and tax liabilities
- ■ Review the Profit & Loss and Balance Sheet
- ■ Investigate unusual, negative or uncategorized balances
- ■ Save supporting statements, receipts and reports

> ***Bookkeeper's Note:***
> *Entering transactions is only part of bookkeeping. Monthly reconciliation and financial-statement review help verify that the information in your books is complete and useful.*

10. Decide Who Is Responsible for What

- Identify bookkeeping tasks the owner will handle
- Identify tasks that will be delegated to employees or an outside bookkeeper
- Decide who will reconcile bank and credit card accounts
- Decide who will prepare and review financial statements
- Decide who will manage payroll and tax filings
- Establish how questions and missing documentation will be handled
- Schedule periodic reviews to make sure the bookkeeping process is still working

Bookkeeping Setup Notes

Starting With Clean Books Is Easier Than Cleaning Them Up Later

Once your bookkeeping system is set up, use the **Monthly Bookkeeping Checklist** and **Bank & Credit Card Reconciliation Checklist** to build a consistent month-end routine.

How confident are you in your business financials?
Take the free **Aloha Bookkeeping Pros Business Finance Confidence Scorecard** to identify areas that may need attention.

Need help setting up QuickBooks Online or your bookkeeping process?
Aloha Bookkeeping Pros provides QuickBooks Online setup and support, monthly bookkeeping, reconciliations, financial reporting and cleanup services for small businesses.

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