

## 4 Things to Know About Real Estate Bookkeeping

We all know that a [business plan](#) is required in [starting a business](#). And in that business plan, a substantial amount of financial resources are on the line, especially for a [real estate](#) company. For that reason, bookkeeping is an important procedure for a real estate business. So if you're a real estate business owner, executive, or agent, we gladly invite you to read on and learn more about real estate bookkeeping.

### What Is Bookkeeping?

Bookkeeping is an [accounting](#) process wherein a company records its financial transactions. These transactions consist of both assets going inward and outwards. The individuals responsible for bookkeeping tasks are bookkeeping clerks, or better known as bookkeepers. However, every member of the company must also understand the process of bookkeeping.

### 6 Tips for Successful Real Estate Bookkeeping

If the process of real estate bookkeeping is completely new to you, the following basic tips below will help you perform this accounting task efficiently.

#### Separate Personal and Business Expenses

The bookkeeping process will become much easier and simpler if the company owner's personal expenses are separated from business expenses. Plus, doing so is for tax deduction reasons. The company owner will want to reduce tax, and one of the best approaches to do that is by splitting apart the business and personal expenses.

#### Maintain Perfect Record

All the company expenses, such as marketing costs and operational costs, must be tracked flawlessly to avoid discrepancies. If unfortunately some of these discrepancies arise due to inaccurate data input, then the bookkeeping process could become a failure. To avoid that, simply maintain a perfect record. Grab hold of every documentation of every financial transaction and input their data accurately on the accounting ledger. Make sure to double check afterward.

## **Make Use of Technology**

Technology is making things easier nowadays, including bookkeeping. There are countless accounting software programs available right now that you can take advantage of. Some of them provide cloud accounting features, which secure bookkeeping data more efficiently. According to a study by Sage.com, cloud accounting is being preferred by 67% of registered accounting professionals. In addition, 58% of major companies are using cloud accounting in their operations, as stated by AccountingToday.com. With those facts in mind, you should consider using accounting software for your bookkeeping process. Other than that, embracing digital transformation for your business processes, in general, can help [boost the branding of your real estate company](#).

## **Track Receipts**

In line with the "Maintain Perfect Record" tip, receipts are the most credible documentation of financial transactions, especially those that incur expenses. That said, tracking them is essential in performing bookkeeping procedures. Also, receipts provide intricate details of purchase transactions, which can help in monitoring whether the expenses of the company doesn't exceed the [budget](#).

## **Conduct Tax Review Sessions**

In tax review sessions, you can easily gather data on the tax expenses of your real estate company. Tax expenses must also be recorded on the ledger. So, make sure to schedule tax review sessions weekly or monthly. You may also collaborate with the Internal Revenue Service (IRS) for this matter.

## **Update Records Timely**

Bookkeeping records must be updated timely. In that way, you can monitor the recent progressions of your company's financial transactions. Other than that, there are deadlines in processing [accounting documents](#), including deadlines from the IRS.

# **5 Benefits of Bookkeeping**

Bookkeeping is a necessity for every business, regardless of how big or small it is. It's necessary for good reasons because bookkeeping can provide many benefits for your real estate company. Here are five of those helpful benefits.

## **Evaluate the Real Estate Business Performance**

Bookkeeping records can say a lot about the performance of a business. That said, you can use them to monitor and evaluate the performance of your real estate company, especially when it comes to shifts of its financial status caused by expenses and sales.

## **Keeping Track of Cash Flow**

One of the best approaches to monitor your business's finances is by tracking the cash flow. Bookkeeping records manifest intricate details of the cash flow. That's because they contain information about every purchase and received assets.

## **Prepared for Tax**

Taxes are among the major expenditures of a business. Although tax deductions are possible, there's basically no way to minimize tax because they're mandated by government bodies. So the best course of action is to be prepared for them, and bookkeeping records can help with that.

## **Credit Score Management**

We've expressed many times in this blog that bookkeeping records track expenses. A good number of those expenses are paid using credits, which affects the credit score of your business. That said, the process of bookkeeping can ultimately aid in credit score management.

## **Helps in Decision Making**

Sound decision making is an essential practice to achieve success in your real estate business. Because bookkeeping records help you in evaluating your business performance and company financial status, it can help you in making decisions for the future.

## **Bookkeeping Outsourcing**

Agencies and other companies offering outsourcing services can help you grow your business. If your company's budget allows it, bookkeeping outsourcing services should be put into consideration. Bookkeeping outsourcing companies do the process on your stead, and they perform them accurately and efficiently. In that case, your real estate company can focus on its other operations and goals. The outsourcing company you'll hire must have access to the following:

- Bank statements
- Credit card statements
- Tax documents
- Payroll
- Bills
- Receipts
- and other documents concerning finances.

However, you have to maintain constant communication with the outsourcing company to be on the same page with them. Their bookkeeping services are costly but very beneficial.

The bookkeeping accounting process is admittedly a daunting task if you ask us. But by understanding its value and how it can help your real estate business, the burden of doing it will be lessened. If you want your real estate company to be triumphant, put emphasis on your bookkeeping procedures. Bookkeeping is not a one-man task; it's a process that requires team collaboration. So don't get too bothered about its complexities.