

Bookkeeping for rental owners

Books That Build Wealth

A rental owner's guide to bookkeeping and accounting: the habits, categories, and routines that make tax season easy and lenders say yes.

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Start here

Your rentals are a business. Keep books like one.

Plenty of investors treat bookkeeping as a problem for future them. Future them is usually stressed, digging through a shoebox of receipts in April and paying a CPA extra to untangle the mess.

You would not open a restaurant without tracking what you pay for ingredients and what you charge for a plate. A rental is no different. Every dollar in and out tells you whether the property is working, and good records are what turn that story into decisions.

The good news: clean books do not take much time once the right habits and tools are in place. This guide walks through what matters and how to keep it simple.



Three reasons it matters

01

Tax season gets easy

Organized records mean your CPA gets a clean package, you capture every deduction, and you stop paying for cleanup.

02

You see what is working

Spending more on lawn care than a unit brings in? Your books will tell you before your bank account does.

03

Lenders trust you

A clear profit and loss statement is far more convincing than telling a lender the property does well.

The habits

Six habits worth building

01**Separate the money**

Open a dedicated checking account for your rentals, and a separate card if you use one. Mixing personal and rental spending is the fastest way to lose track of performance and deductions. Many owners use one account per property or per entity.

02**Automate the busywork**

Use rental-focused software or accounting tools that pull in bank transactions and suggest categories. You review and approve instead of typing everything by hand. Set rules once, like every payment to your lawn service goes to Grounds.

03**Collect rent digitally**

Online rent payments land in your records automatically, create a clean paper trail for disputes, and cut down on late payments. Tenants tend to prefer it too.

04**Keep a tax-ready packet**

Aim to have these ready every January: an income statement for each property, a full transaction ledger, digital copies of receipts, and a Schedule E style summary for your CPA.

05**Track property by property**

Portfolio totals hide problems. Tag every transaction to a property so you can see which one is carrying the others and which one needs a rent increase, a cost cut, or a sale.

06**Capture the small stuff**

Software subscriptions, mileage to the property, lockboxes, advertising, and supplies all add up. Snap a photo of every receipt the day you get it.

What to track

The categories that matter

Use categories that line up with how rental income is reported on your tax return. It makes your CPA's job easier and keeps you from dumping things into a catch-all miscellaneous bucket.

CATEGORY	WHAT GOES HERE
Rental income	Rent, late fees, pet rent, application fees, tenant-paid utilities
Advertising	Listing fees, signs, photography, marketing
Auto and travel	Mileage to and from properties, parking, tolls
Cleaning and maintenance	Turnover cleaning, lawn care, snow removal, pest control
Repairs	Fixing what broke: a leak, a furnace part, a broken window
Capital improvements	New roof, HVAC, remodels. Usually depreciated, not expensed
Insurance	Landlord policy, umbrella, flood
Legal and professional	CPA, attorney, bookkeeping, eviction filings
Management fees	Property manager percentage and leasing fees
Mortgage interest	Interest only; principal is not an expense
Property taxes	County tax bills for each property
Utilities	Anything the owner pays: water, sewer, trash, common electric
Supplies	Smoke detectors, filters, light bulbs, lockboxes

REPAIR OR IMPROVEMENT?

A repair keeps the property in its current condition and is usually deducted in the year you pay it. An improvement makes it better, extends its life, or adapts it to a new use, and is usually depreciated over time. Ask your CPA where the line falls for your projects.

RENTAL SOFTWARE

Built for landlords: rent collection, property tagging, and tax reports in one place.

SMALL BUSINESS
ACCOUNTING

Flexible and CPA-friendly; set up classes or tags for each property.

SPREADSHEET

Fine for one or two doors if you update it every month without fail.

Your rhythm

A routine that takes less than an hour a month

Every month

- ☐ Review and categorize new transactions
- ☐ Confirm every tenant's rent landed
- ☐ Upload receipts and invoices
- ☐ Reconcile bank and card statements
- ☐ Move reserve contributions into savings

Every quarter

- ☐ Run a profit and loss for each property
- ☐ Compare actual expenses with your budget
- ☐ Check reserve balances against your target
- ☐ Make estimated tax payments if needed
- ☐ Flag any property that is falling behind

Every year

- ☐ Send your CPA the tax packet by early February
- ☐ Collect W-9s and send 1099s to vendors as required
- ☐ Review insurance coverage and premiums
- ☐ Check your property tax bills and assessments
- ☐ Set rent and expense goals for next year

Every purchase or sale

- ☐ Save the closing statement
- ☐ Record the purchase price and land value split
- ☐ Log capital improvements with dates and costs
- ☐ Open or update the property's folder
- ☐ Tell your CPA about the transaction

A few minutes each month saves days of scrambling, and usually a bigger CPA bill, every spring.



The flip side

What sloppy books really cost

Missed deductions

Without records, you cannot claim what you do not document. Across a few properties, that can add up to thousands of dollars every year.

Bigger professional bills

Accountants charge for time. Handing over a box of receipts and a mixed personal account turns a simple return into a cleanup project.

Slower growth

Lenders want proof. If you cannot produce clean income statements and rent rolls, the next loan gets harder, slower, or more expensive.

Bad decisions

If you do not know which property is underperforming, you cannot fix it. Guessing is expensive.



FINAL THOUGHT

Bookkeeping is not the exciting part of real estate, but it is one of the most important. Set up the right habits once and they quietly pay you back every year.



Let's talk about your next move

Growing your portfolio?

Clean books make the next purchase easier. When you are ready to add a property, I can help you find it, run the numbers, and connect you with lenders, CPAs, and managers I trust in the Indianapolis area.

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