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Simple Bookkeeping for a Side Hustle — A Plain-English Guide

Keeping your little business's money straight — without the headache

Tech Made Simple. Service Made Personal.

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THE 60-SECOND VERSION

1 The 60-Second Version

The whole system in a breath.

Bookkeeping for a side hustle can be simple and cheap. Start by separating the money: open a dedicated bank account (and ideally a card) just for the side hustle, so its income and expenses are not tangled up with your personal spending — this one step makes everything else far easier. Track your income and expenses as you go, recording them in real time rather than trying to reconstruct a year at tax time.

A free tool does the job: a free bookkeeping app (Wave is a popular no-cost one for beginners) or even a simple spreadsheet is plenty for a small side hustle — you do not need expensive software. Set aside money for taxes as income comes in, because side-hustle income is usually taxable and includes self-employment tax, and you may owe quarterly estimated payments.

Do a quick monthly review — total income, total expenses, your profit — so nothing piles up. And get an accountant's help at tax time, especially as the hustle grows, since this is practical guidance, not tax advice. Those few habits — separate, track, save, review — keep your little business's money straight with minimal effort and spare you the tax-time scramble.

- Open a separate account for the side hustle — don't mix it with personal money.
- Track income and expenses as you go, with a free app (like Wave) or a spreadsheet.
- Set aside money for taxes — side-hustle income is usually taxable, including self-employment tax.
- Do a quick monthly review, and see an accountant at tax time — this isn't tax advice.

SEPARATE

2 Separate the Money First

The one step that makes everything easier.

The single most helpful thing you can do for side-hustle bookkeeping is to keep the business's money separate from your personal money. Open a dedicated bank account — and ideally a dedicated debit or credit card — used only for the side hustle: all the money it earns comes into that account, and all its expenses are paid from it. This one habit transforms the bookkeeping from a nightmare into something nearly self-maintaining.

The reason it helps so much is that when business and personal money are mixed in one account, figuring out what was a business income or expense means sorting your business transactions out of all your grocery runs, gas fill-ups, and everyday spending — a tedious, error-prone chore, especially at tax time. With a separate account, the sorting is already done: everything in that account is the business, by definition.

Your records are clean, your profit is easy to see, and if the tax authorities ever ask, you have a tidy, defensible set of business books rather than a tangle to untangle. It costs nothing to open a separate account, and it saves hours of work and confusion down the line. If you do nothing else from this guide, do this.

TIP

Open a separate bank account (and ideally a card) for your side hustle before you go further — route all its income and expenses through that account only. This single step does most of the work of bookkeeping for you, because it automatically keeps the business's money sorted from your personal spending, leaving you clean records with almost no effort.

TRACK

3 Track Income and Expenses as You Go

A little, often, beats a lot at year-end.

The core of bookkeeping is simply keeping a record of money coming in (income) and money going out (expenses), and the key habit is to do it as you go — recording things in real time or at least regularly — rather than trying to reconstruct a whole year in a panic at tax time. Little and often is vastly easier and more accurate than a once-a-year marathon of digging through old records.

- Income: record what the side hustle earns — each sale, job, or payment — as it comes in.
- Expenses: record what you spend for the business — supplies, materials, fees, mileage, equipment — as you spend it.
- Keep it categorized simply: a handful of sensible categories (say, supplies, fees, mileage, equipment) is plenty for a side hustle.
- Keep your receipts and records — a photo of a receipt, or the digital record, so you can back up what you claimed.
- Do it regularly — a few minutes whenever money moves, or a quick weekly catch-up — so it never becomes a mountain.

Tracking as you go is the habit that separates calm, organized side hustlers from stressed ones. When every bit of income and every expense is recorded close to when it happened, your books are always current, you always know where you stand, and tax time is a matter of running a report rather than reconstructing a year from memory and a shoebox.

The separate account (previous chapter) makes this even easier, because the account statement itself is a record of your business transactions — you are largely just categorizing what is already there. Keep your receipts alongside, and you have a complete, defensible picture of the business's money, built up painlessly a little at a time.

TIP

Snap a photo of paper receipts right away, before they fade or get lost — many bookkeeping apps let you attach the photo to the expense. A faded, lost receipt is a deduction you may not be able to back up, so capturing them as they happen keeps your records complete and your claims defensible.

THE TOOLS

4 Free Tools and Spreadsheets

You don't need expensive software.

For a side hustle, you do not need expensive accounting software — a free tool or a simple spreadsheet does everything you need, and spending money on fancy software before your side hustle is sizable is premature. Here are the sensible options, from simplest up.

Option	Good for	Note
A simple spreadsheet	The very simplest, lowest-volume hustles	Free (or nearly), full control; a template helps
A free bookkeeping app (e.g. Wave)	Most small side hustles	Free, connects to your account, tracks income/expenses
A tax-focused app	Hustles where estimating taxes matters	Some estimate self-employment tax; may have paid tiers
Paid software (QuickBooks, etc.)	When the hustle grows larger	Worth it only once your needs outgrow the free options

For many side hustles, a free bookkeeping app like Wave is the sweet spot: it costs nothing, can connect to your (separate) bank account to pull in transactions, and tracks your income and expenses with reports at tax time — all the real bookkeeping without a subscription. For the very simplest, lowest-volume hustles, a plain

spreadsheet (with columns for date, description, income, expense, and category) is genuinely enough, and free templates abound.

There are also tax-focused apps that help estimate your self-employment taxes, handy if that is a worry. Only when your side hustle grows into something larger and more complex does paid software like QuickBooks become worth it. The guiding principle is to match the tool to the size of the hustle — start free and simple, and upgrade only when you genuinely outgrow it, not before.

GOOD TO KNOW

If you already use a spreadsheet for anything, a side-hustle ledger is just a few columns — date, what it was, money in, money out, and a category — totted up with a simple sum. For a small hustle that is all the 'software' you need, and it keeps you in complete control of your own records at no cost. Step up to a free app like Wave when the transaction volume makes a spreadsheet tedious.

Rather not do this yourself? I'll come to your home and set it up for you — a flat $99 first visit across Portage County, Ohio and nearby communities. Outside the area? I also help remotely by phone or screen-share. Book at billshometech.com/book or call (330) 200-8042.

TAXES

5 Saving for Taxes

The part that surprises people most.

Here is the part that catches side hustlers off guard, so it deserves real attention: the money your side hustle earns is generally taxable income, and unlike a regular job where taxes are withheld from your paycheck, nobody is withholding taxes from your side-hustle earnings — so you need to set money aside for them yourself. Fail to, and tax time brings an unwelcome bill you have not saved for.

- Set aside a portion of what you earn as you go — a common approach is to tuck away a sensible percentage of each payment into a separate 'tax' savings spot, so the money is there when the bill comes.
- Remember self-employment tax: side-hustle (self-employed) income is subject not just to income tax but also to self-employment tax, which covers Social Security and Medicare — a cost employees do not see directly, and one that surprises people.
- You may owe quarterly estimated taxes: the tax authorities often expect self-employed people to pay estimated taxes four times a year rather than all at once, so there may be quarterly deadlines to meet.
- Track deductible expenses, since your business expenses reduce the income you are taxed on — which is another reason to record them diligently.
- Know the mileage deduction if you drive for the hustle — there is a standard per-mile rate you can deduct, so track your business miles (confirm the current rate).

The twin surprises are self-employment tax (an extra tax beyond income tax, covering Social Security and Medicare, that a regular employee's employer normally shares) and the expectation of quarterly estimated payments rather than one annual bill. Both make 'set money aside as you earn it' essential — if you squirrel away a reasonable portion of each payment into a tax savings spot from the start, the bill (or the quarterly payments) is covered and painless; if you spend it all and face the bill cold, it can be a shock.

The exact percentages, the self-employment tax rate, the quarterly deadlines, and the mileage rate are specific tax matters that change and depend on your situation — which is why this is the point to lean on a tax professional. The habit to build now is simply to save for taxes as the income arrives, so you are never caught short.

WATCH OUT

Side-hustle income is taxable, and no one is withholding those taxes for you — plus you likely owe self-employment tax on top of income tax, and possibly quarterly estimated payments. Set aside a portion of your earnings for taxes from the start, and talk to a tax professional about the specifics (rates, quarterly deadlines, deductions). I am not a tax advisor, and an unexpected tax bill is exactly the scramble good saving prevents.

REVIEW

6 The Quick Monthly Review

A few minutes that keep it from piling up.

A simple, powerful habit is a quick monthly review of your side-hustle finances — a few minutes, once a month, to look at the basics. This keeps the bookkeeping from ever becoming a daunting backlog, and keeps you genuinely in touch with how your little business is doing.

1. Once a month, sit down with your records (your app or spreadsheet).
2. Check that your income and expenses for the month are all recorded and categorized — catch up any you missed.
3. Look at the three simple numbers: total income, total expenses, and the difference (your profit) for the month.
4. Confirm you have set aside the money for taxes on the month's income.
5. Note anything worth acting on — a cost creeping up, a good month, a slow one — so you are steering the hustle, not just drifting.

This monthly rhythm does two things. First, it keeps the record-keeping current and small — a month's worth of catching up is trivial, whereas a year's worth is overwhelming, so the monthly habit prevents the backlog that makes people dread bookkeeping. Second, it keeps you actually informed about your side hustle: seeing your real income, expenses, and profit each month tells you whether it is worth your time, where the money is going, and how it is trending — turning the bookkeeping from a chore into a useful dashboard.

Pair the monthly review with setting aside that month's tax money, and you stay perpetually on top of both your records and your taxes, with just a few minutes a month. It is the habit that makes the whole simple system sustainable.

WATCH OUT

Tie the monthly review to something you already do each month — paying a bill, the first of the month, a particular day. Making it a fixed small ritual means it actually happens, and a side hustle whose books are reviewed monthly never becomes the year-end nightmare that an unreviewed one does.

GET HELP

7 When to Get an Accountant

The limits of do-it-yourself.

Simple bookkeeping you can absolutely do yourself, but taxes are where a professional's help is genuinely worth it — and this is the honest limit of a guide like this, because I am not an accountant or tax advisor. Knowing when to bring in a professional saves you money, mistakes, and stress.

- At tax time, especially your first year with a side hustle, an accountant or tax professional can make sure you handle the self-employment tax, deductions, and any quarterly payments correctly.
- When the hustle grows — more income, more complexity, employees, or you form a formal business — professional advice becomes more valuable.
- When you are unsure about what is deductible, how much to set aside, or whether you owe quarterly taxes — these are exactly the specific questions a professional answers for your situation.
- If you get a notice from the tax authorities, or anything feels over your head — do not guess, get help.
- Even just a one-time consultation to set you up right can be worth it, after which the simple day-to-day bookkeeping is yours to maintain.

The sensible division is this: you keep the simple books through the year — separate account, tracking income and expenses, saving for taxes, reviewing monthly — and

you lean on a tax professional for the tax questions and the tax filing, especially at the start and as things grow. A good accountant will tell you what you can deduct, how much to set aside, whether you owe quarterly payments, and will handle the return correctly — often saving you more than their fee by getting the deductions and obligations right.

There is no shame in this; it is how sensible small-business people operate. Do the easy daily bookkeeping yourself, and get professional help for the taxes — that combination keeps your side hustle's money both simple and correct.

> **GOOD TO KNOW**
>
> Good bookkeeping through the year makes the accountant's job (and your bill) smaller, because you hand them tidy, organized records rather than a shoebox of chaos. So the simple habits in this guide do double duty: they keep you organized, and they reduce what you need to pay a professional to sort out at tax time. The two work together.

QUESTIONS

8 Plain Questions and Answers

The things side hustlers ask most.

"Do I really need a separate bank account?"

It is the most helpful single step, so strongly yes. A dedicated account keeps your business money from tangling with personal spending, which makes tracking, profit-figuring, and tax time vastly easier, and gives you clean, defensible records. It costs nothing to open, and it does most of the bookkeeping work for you by keeping everything automatically sorted.

"What's the cheapest way to keep the books?"

A free bookkeeping app like Wave, or a simple spreadsheet, costs nothing and is plenty for a small side hustle — you do not need paid software. Match the tool to the size: spreadsheet for the smallest, a free app as volume grows, and paid software only

once the hustle becomes substantial. Start free and simple.

"How much should I set aside for taxes?"

That depends on your income, your tax situation, and the self-employment tax, so a tax professional can give you the right figure — I am not a tax advisor. The important habit is to set aside a sensible portion of each payment from the start, so the money is there when the bill (or quarterly payment) comes. Saving something consistently beats saving nothing and facing a shock.

"When should I get an accountant?"

At tax time, especially your first year, and whenever the hustle grows or you are unsure about deductions, self-employment tax, or quarterly payments. You keep the simple daily books yourself; a professional handles the tax questions and filing. Even a one-time setup consultation can be worth it, and good year-round records keep their fee down.

WRAP UP

9 Simple Habits, No Tax-Time Scramble

Separate, track, save, review.

Keeping your side hustle's money straight does not require being an accountant or buying expensive software — it requires a few simple habits, kept up a little at a time. Separate the money with a dedicated account, which does most of the organizing for you. Track income and expenses as you go, using a free app like Wave or even a spreadsheet.

Set aside money for taxes from the start, remembering that side-hustle income is taxable and carries self-employment tax, possibly with quarterly payments. Do a quick monthly review of income, expenses, and profit so nothing piles up and you stay in touch with how the hustle is doing. And lean on an accountant for the tax questions and filing, especially at the start and as things grow — because this is practical guidance, not tax advice.

Those habits — separate, track, save, review — keep your little business's money simple and correct, turn tax time from a scramble into a report, and let you enjoy the side hustle for what it is rather than dreading its paperwork.

- Open a separate account for the side hustle — it does most of the organizing.
- Track income and expenses as you go, with a free app (Wave) or a spreadsheet.
- Set aside money for taxes — side-hustle income is taxable and includes self-employment tax.
- Do a quick monthly review of income, expenses, and profit.
- Get an accountant for taxes, especially early and as you grow — this isn't tax advice.

GOOD TO KNOW

If the money side of your side hustle feels daunting, I am glad to help you set up a simple system that mostly runs itself — a separate account, a free bookkeeping tool or a tidy spreadsheet, a way to capture receipts and set aside tax money, and a quick monthly routine. I can get the practical, keep-it-simple part humming; you take the tidy records to an accountant at tax time, and your side hustle stays fun rather than becoming a paperwork headache.

CHEAT SHEET

Everyday Cheat Sheet

Keep this page handy. It points you straight to what to do for each task.

I want to...	Do this...
Separate the money	Open a dedicated account so business money isn't mixed with personal
Track as you go	Record income and expenses simply, in real time, not at year-end
Use a free tool	A free app (like Wave) or even a simple spreadsheet is plenty
Save for taxes	Set aside a portion of income for taxes — including self-employment tax
Review monthly	A few minutes a month: income, expenses, profit
Get help at tax time	See an accountant for taxes — this guide isn't tax advice
Get help	Call Bill: (330) 200-8042

AT A GLANCE

A Picture to Follow Along

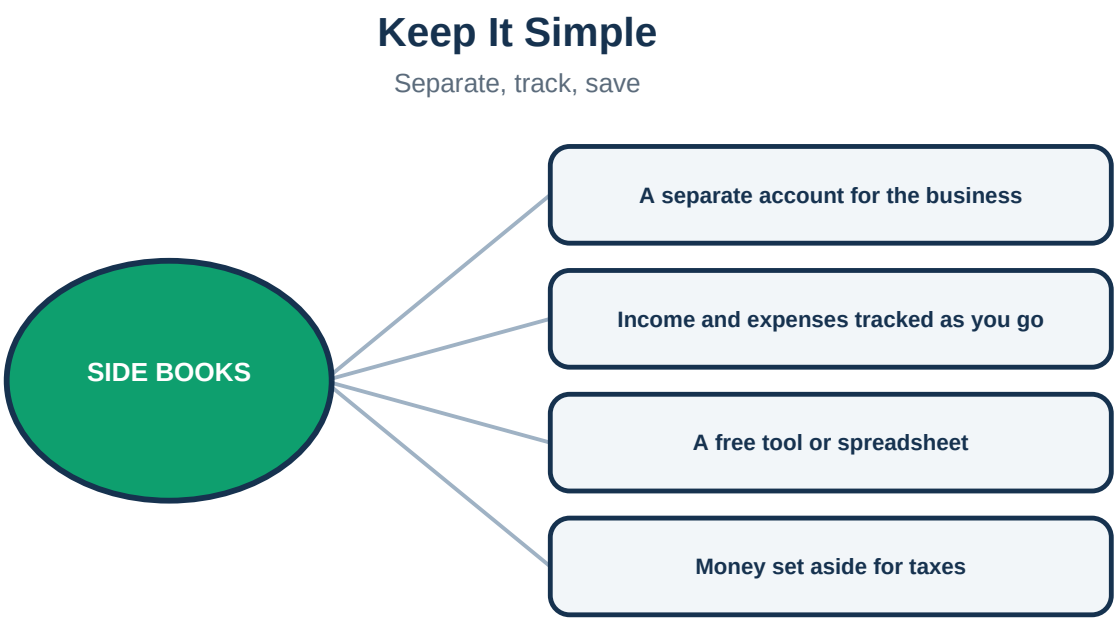


Illustration — a schematic. Set-up screens differ; each takes only a few minutes.

AT A GLANCE

A Second Look

The Simple System

Four steps



Illustration — a schematic. The order is a suggestion; do one box at a time.

A schematic of the plan — company steps vary; the order does not have to.

BEFORE YOU GO

A Note From Bill

A quick note from Bill. I write these guides to make home tech a little less frustrating, and I do my best to keep every step accurate and up to date. Still, every home, device, and setup is a bit different, so I can't promise a guide will match yours exactly or fix your particular problem. These guides are for general information only — they're not professional, legal, or financial advice, and they don't replace your device's own manual or the manufacturer's instructions. Please go slow, use your own good judgment, and use everything here at your own risk. If a step involves electrical wiring, a gas appliance, a water heater, plumbing, or climbing a ladder — or if anything just doesn't feel safe — please stop and call a licensed professional (or give me a call at 330-200-8042). Bill's Home Tech and Bill Davis can't be responsible for any damage, data loss, or injury that results.

HOW I CAN HELP

Your Visit — and My Promise

You don't have to remember all of it — just that a friendly, patient person is one call away, whenever you'd rather have a hand.

KEY SPECS

In your home — $99 flat for the first visit, no contracts and no surprises, with a 30-day come-back-free follow-up. In-home visits cover Portage County, Ohio and nearby communities.
Outside the area? Remotely — $49 for a screen-share session (free for Support Plan members, $39/mo), refundable if I can't fix it — and credited toward a visit if you'd rather have me in person. Book either at billshometech.com/book.

GOOD TO KNOW

My promise — If you're not 100% satisfied with your visit, I'll come back at no charge, or refund the full $99. No questions, no awkwardness. That's how I'd want to be treated.

Whenever you're ready, I'll come to your home anywhere in Portage County, Ohio and nearby communities, at your pace. Too far for a house call? I also help remotely. Book at billshometech.com/book or call (330) 200-8042. — Bill

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