

THE 3 BIGGEST BOOKKEEPING
& TAX STRATEGY MISTAKES
FOR HIGH-NET-WORTH
INDIVIDUALS.



Ledger Health

FINANCIAL HEALTH PARTNER

MISTAKE 1

THE COMMINGLING TRAP & THE “LIFESTYLE AUDIT”

WHAT IT LOOKS LIKE:

It's incredibly common for successful business owners to pay for personal travel, family vehicles, or luxury meals out of the business checkbook.

WHY IT MATTERS:

If your “Travel and Entertainment” expenses look too high, you may be flagged for a “Lifestyle Audit.”

HOW TO FIX IT:

- If it wouldn't **make sense to a stranger**, it needs a **receipt and documentation**.
- Use a **singular document capture location** (dedicated or shared folder).
- If you have **personal spend** on your business accounts, **notify your bookkeeper**.

MISTAKE 2

THE SALARY TRAP

WHAT IT LOOKS LIKE:

Many business owners are registered as the wrong type of legal entity, causing them to pay extra employment taxes on every single dollar they earn. Alternatively, those who are set up correctly are taking all their profits and paying themselves an artificially low salary to skip out on payroll taxes.

WHY IT MATTERS:

The IRS monitors your company's revenue against the salary you pay yourself. If you make \$500,000 but only pay yourself a \$50,000 salary, the IRS can reclassify all your profits, charge you back-taxes, and tack on massive penalties.

HOW TO FIX IT:

- **Review your foundational documents** to determine your business legal structure.
- **Speak to your CPA/EA** about the **most tax efficient payroll method** for your business.
- **Coordinate with your bookkeeper** to document your payroll correctly in your books.

MISTAKE 3

THE HOME OFFICE TRAP

WHAT IT LOOKS LIKE:

Business owners often think the home office deduction is “small potatoes” or too risky to claim, so they ignore it entirely. Others claim it but try to write off spaces that aren’t actually used exclusively for business (like the kitchen table or a guest bedroom).

WHY IT MATTERS:

Skipping this deduction doesn’t protect you; it actually costs you an additional secondary deduction. The home office rules hinge on regular use and exclusive business use with limited exceptions. When the space is shared or undocumented, the deduction becomes easier to challenge and harder to defend. Even when the deduction is legitimate, sloppy setup creates stress and uncertainty at tax time.

HOW TO FIX IT:

- **Choose a space clearly separated** and used only for business work.
- **Document it once:** measure square footage, take dated photos, and write a description of the business use. You can even have the space **documented in the minutes of a business meeting** establishing the use of the home office.
- **Track related costs** cleanly in consistent categories and keep a **simple folder** with the **supporting documents**.
- If exclusivity isn’t realistic, **don’t force it**. Use a different **lower-risk approach** and let your **CPA/EA advise** on what’s appropriate.
- Ensure your **bookkeeper is aware** of your home office.

CONTACT US

FOR MORE SUPPORT IN
YOUR FINANCIAL JOURNEY

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