Are You Accidentally Mixing Business and Personal Finances?

One of the most common mistakes I see as a tax professional is business owners treating their business account like a personal checking account. It may seem harmless, especially when you're busy running your company, but mixing business and personal finances, known as **commingling funds,** can create unnecessary tax problems and even weaken the liability protection your LLC or corporation was designed to provide.

Simple habits such as:

- paying personal bills from your business account
- depositing business income into your personal account
- moving money between accounts without proper documentation

These actions can make bookkeeping more difficult and raise questions if your business is ever audited or involved in a legal dispute. While there are legitimate and necessary times to use personal funds for business expenses, those transactions should always be properly recorded.

The good news is that avoiding these issues is relatively simple. Maintain separate bank accounts and credit cards whenever possible, keep good records, save receipts, and document transfers between you and your business. Clean books not only make tax season easier—they also help ensure you're claiming every deduction you're entitled to while protecting the legal separation between you and your business.

If you've already mixed personal and business finances, don't assume it's too late to fix the problem. At **Thornton Tax Advisory**, I help business owners implement systems that make staying compliant much easier. A little organization today can prevent costly problems tomorrow.