

TAX TIPS BY BARBARA ASHWORTH & OTHERS

It's that time of year . . . time to get organized!! This can be a challenge for some of us as Mary Kay Consultants . . . we tend to be people people . . . not paper people! The great news is it's easy to get your paperwork in order once you know what to do.

Below are some suggestions to help get you off to a good start in the new year! Remember though, I am NOT a CPA! Things change from year to year! This is meant as a guideline of information to take to your tax person! **Let me recommend that you be as choosy with your tax accountant as you would be with your pediatrician! Mary Kay is a unique business and it's important to use someone who is familiar with our business and can help you to have the best results at tax time.**

- **Be sure you have a record of your ending mileage on December 31st.** If you forgot to take it last January, then estimate what it was on January 1 (or when you began your business this year if you are a new consultant). Put the beginning and ending mileage at the top of the order form you are using to list your inventory. Be sure you are recording your mileage every time you are doing Mary Kay business (Meetings, Classes, deliveries, etc). It adds up fast! If you forgot to record mileage this year, go back through your datebook and estimate the miles driven for each appointment.
- **Take inventory of the retail product you have on hand on December 31st.** I find the easiest way to do this is to take a current order form and list the total number of products in the quantity box. It's not necessary to separate every cleanser, lipstick, nail color, etc. It doesn't matter how many colors of each individual item you have. You just need a total. For example . . . just count the total number of foundations, no matter what shade, and indicate the total. As for limited edition products that are not listed on the current order sheet, you need to determine if you still plan to try to sell them or if you are going to use them as hostess gifts or giveaways. If you plan to sell them, you need to count them in your inventory. If you plan to use them as giveaways, don't include them in your inventory total.
- Great year end tax tips. Here's another one - once you've taken your year end inventory, log onto www.marykayintouch.com and use the ordering program to tally it. The computer will total your products for you. All you'll have to add is anything not on the current order form and you'll have an exact total of what you have!
- If you have Boulevard, you can simply run the "Inventory List by Category" Report! However, do check the report against your physical inventory to make certain it is accurate!
- Remember, anything you purchase on or before December 31st will be counted on your tax return (**i.e. more inventory, and less cash money in account could be helpful tax-wise**)
- If you have a customer who owes you money, contact them and let them know that you need to close out your books for 2008 and need to collect their payment.
- **If you owe anyone any merchandise or if anyone owes you merchandise, get it straightened out now!** Borrowing and lending is a no-no! It is just not professional. We all run short of something from time to time, and an occasional trade is OK, but if you are trading for basics, you don't have enough inventory! Make the necessary arrangements to get what you need on your shelf (bank loan, credit card, family loan, etc.).
- Be sure all your Weekly Accomplishment Sheets are up-to-date! This is YOUR record of your sales! . (Did you know that your summary sheet is the verification you need for the IRS for your sales if you were ever audited?) It's a good idea to make sure I have a record of them as well, so make sure you are turning them in weekly. It's also the only way you get recognized at our weekly Success Meetings and in the monthly Newsletter! **If you have the Boulevard Program, you can simply print out the "Annual Gross Receipts" Report which tallies your Weekly Accomplishment Sheets for the year!**

- If you are using the Boulevard Program and have entered your expense receipts throughout the year, simply print out the Annual Expense Report! How easy is that! However, if that is not the case, gather up all your receipts for the year just ended. Hopefully, you've already separated them into topics folder. If not, spend a little time each week getting them in order so you'll them finished well before April 15th. Then get set for the new year by setting up an easy system.
 - a) Buy an accordion file folder with a large number of pockets (either A-Z or 1-31). Put folder labels over each tab and on that tab, put the category. You might not even know what categories to list yet, but you will figure it out as you have receipts. Each day, drop your receipts in the appropriate pocket and at the end of the year take a category out, add them all together, staple them together and put in one large manila envelope. On the outside, list the categories and the total amounts for each. Don't forget the retail sales category! All your summaries for the month go in 40/60 envelope also.
 - b) *Establish a file for all of your records.
 - *Be sure that you have kept a record of these 3 things:
 - a) Personal use product that you or your family are taking off your shelf each month.
 - b) Section 1 Retail products that you are giving away for hostess gifts, birthday gifts, door prizes, etc. I've found the easiest way to record these is to keep a sales ticket for each of these categories each month and list the items I'm using or giving away. Your accountant needs these totals to figure your cost of goods sold and the non-recovered sales tax.
 - c) All products that you opened for full size display - satin hands etc.

NOTE FROM SHERRY:

- **Let me emphasize once again the importance of choosing a tax accountant very carefully! I have two great worksheets that will guide you on the information you will want to pull together. If you do not have them already, they are available in the Training Center at www.sherryhanes.com, or you may call or email and we'll send them to you. Remember that an in home business is one of the few Tax Benefits left. I encourage you to take full advantage of your entitled deductions!**