

Tax Facts You Should Know

by National Sales Director SuzAnne Brothers

Keeping accurate records each day will ensure you of savings at the end of the year. Your savings may be a few dollars, hundreds of dollars, or thousands of dollars! Take the time to save as many receipts as possible and make daily entries into a ledger! What follows is a guideline for you to use to keep records for an account's preparation for your yearly tax return:

1. On December 31st take a shelf inventory of your Section 1 products at their wholesale values.
2. Keep a running total of:
 - a. Personal and family use of your Mary Kay products (wholesale + retail tax)
 - b. Products that you use as gifts (wholesale + retail tax)
 - c. Products that you have used for displays or demonstrations (wholesale + retail tax)
3. Total Hostess credits for the year from your weekly summary sheets.
4. Total your RETAIL sales for the year from your weekly summary sheets.
5. Total your deductions in the following categories for the year:
 - Car expenses. Mileage for Mary Kay work only; insurance, repairs, gasoline.
 - Parking fees, taxis, and other transportation costs, not including airfare.
 - Bank service charges and loan interest charges that relate to your business.
 - Laundry deduction, \$1.50 per facial cloth.
 - Legal or accounting fees.
 - Motivational books or glamour magazines.
 - Postage and printing costs.
 - Freight paid to Mary Kay for orders.
 - Other insurances: product, home or rental, health, dental.
 - Team Leader Jackets or Directors suits.
 - Mary Kay supplies for shows: wash cloths, cotton balls, camel hair brushes, etc.
 - Other business supplies: staples, tape, pens, folders, envelopes, etc.
 - Office furniture and large supplies: desk, computer, cassettes, calculator, lamps, chairs, staplers, organizers, etc.
 - Office space. Calculate the square footage of the space you use for Mary Kay business. You will use this divided by the total square footage of your home for your business deduction.
 - Utilities. Heating, base rate of telephone + long distance, electricity, etc.
 - Entertainment. Meals where Mary Kay is discussed or other entertainment done with Mary Kay.
 - Childcare and babysitting during your working or meeting time.
 - Children's allowances when a portion is given for Mary Kay help.
 - Seminar registration, self improvement & motivational class fees.
 - Travel. Airfare or transportation, hotel expenses, meal expenses. Mary Kay business must be one reason for the travel and a "reasonable amount" of time must be spent doing business to deduct everything!
 - If you are a new Consultant, be sure and deduct the cost of your beauty case.
 - Total Section 1 and 2 items from your order sheets.

Take these totals along with your receipts and ledger to an accountant who is familiar with Mary Kay Cosmetics. You will be amazed at how you and your family will benefit from your business!