

INCOME TAX PREPARATION FOR YOUR MARY KAY BUSINESS

Consult your current Mary Kay Tax Guide for detailed information.

1. INVENTORY OF ALL SECTION 1 WHOLESALE MERCHANDISE ON YOUR SHELF AS OF DEC. 31 \$ _____
Use your Consultant Order Sheet to record totals, add up the retail amount, then figure the discount at which you ordered during the year to give you the wholesale amount (50%).

2. BEAUTY SHOWCASE COST IF YOU ARE A NEW CONSULTANT DURING THE YEAR \$ _____

3. ALL RETAIL SALES INCOME from classes, facials and reorders..... \$ _____

4. ALL OTHER INCOME: 4-13% checks, promotional prizes & other commissions of 1099 form from the
Company, bank interest and dovetail commissions \$ _____

5. INVENTORY CARRYOVER FROM LAST YEAR (wholesale inventory on your shelves as of Dec. 31, prev. year) \$ _____

6. BUSINESS EXPENSES:

| | |
|---|----------|
| Section 1 Wholesale Purchases for the year | \$ _____ |
| Section 2 and 3 | \$ _____ |
| Sales Tax paid to Company on Product Purchases | \$ _____ |
| Handling Charges/Shipping | \$ _____ |
| Non-Collected sales tax on gifts, discounts and personal use items | \$ _____ |
| Dues and Publications | \$ _____ |
| Supplies | \$ _____ |
| Discounts and Hostess Credits at Retail Value | \$ _____ |
| Items used as Gifts at Cost | \$ _____ |
| Items used for Personal Use at Cost | \$ _____ |
| Items used for Demonstration Purposes at Cost..... | \$ _____ |
| Product Refunds at Retail Value | \$ _____ |
| Bad Debt (money not collected on product sold) | \$ _____ |
| Promotions and Contest Expenses | \$ _____ |
| Laundry for dry cleaning of business attire | \$ _____ |
| Bank Service (money orders, cashiers checks, VISA/Mastercard fees) | \$ _____ |
| Interest paid on business loans or VISA/Mastercard for inventory/expenses | \$ _____ |
| Advertising and Preferred Customer Program Enrollment and Premiums | \$ _____ |
| Postage and Express Mail | \$ _____ |
| Labor..... | \$ _____ |
| Meeting Expenses, Workshops, Conferences and Seminars | \$ _____ |
| Travel Expense: Plane & Public Transit and Taxi | \$ _____ |
| Lodging | \$ _____ |
| Meals when out of town | \$ _____ |
| Cost of Director Suit or Red Jacket | \$ _____ |
| Obsolete Products (discarded) at Cost | \$ _____ |
| Printing | \$ _____ |
| Accountant Fees | \$ _____ |
| Auto Expenses..... | \$ _____ |
| Total Business Miles Driven | \$ _____ |
| Gasoline Expense | \$ _____ |
| Entertainment (interviews, luncheon meetings, etc.) | \$ _____ |
| Charity Donations | \$ _____ |
| Legal | \$ _____ |
| Office Rent or Depreciation | \$ _____ |
| Office Equipment | \$ _____ |
| Telephone | \$ _____ |
| Utilities | \$ _____ |
| Insurance | \$ _____ |
| Other: _____ | \$ _____ |

Please consult a tax professional for tax advice.

INCOME TAX DEDUCTIONS MADE EASY

- 1. Use a consultant order form to take inventory of your Section 1 products as of December 31st.** Be sure to count products ordered, but not yet received by the end of the year. If you have “loaned” or “borrowed” product with another consultant, settle up by the end of the year to have a clear inventory count. Count all the product with the same retail value together (i.e. all mineral eye colors are \$7, etc.) and record the total on the order sheet. This makes counting faster and you just need the total retail value. Multiply the total retail by 50% (your discount). This gives you the wholesale value of your inventory (aka: Cost of Goods).
- 2. Purchase 24 large manila envelopes and label one for each month of the year.** Each month place all your income records (sales tickets, Weekly Accomplishment Sheets, etc.) in one folder, and all your expense records for that month in a second folder. Also save all the packing slips that you receive in each order. Also include canceled checks or bank statements for that month from your Mary Kay bank account, as well as your business credit/debit card statements to document your charged expenses.
- 3. Use a sales ticket to record products as you take them off your shelf for personal use.** Add them up at the end of the year as above and figure non-recovered sales tax on the retail amount for another tax deduction. Record on your Weekly Accomplishment Sheet each week for easy recording, and keep the sales ticket as backup records in your monthly envelopes.
- 4. Do all the same for all products used as gift items or display/demonstration.**
- 5. Keep the computer printout sheets you receive with your product orders, also known as the packing slips.** They are the records of your product purchases during the year, as well as section 2 supplies, freight costs, and sales tax paid.
- 6. Use the “Monthly Record of Income & Expenses” sheet to keep track of your business expenses.** At the end of the year, all you have to do is total the categories for each month from the monthly record to submit to your accountant.
- 7. Keep track of all hostess credits and customer discounts.** You may want to check with your accountant as to whether you should charge sales tax on the full retail value of these types of orders or just on the actual purchase amount—this may vary from state to state and may be regulated by state law. When you charge sales tax on the discounted purchase amount, the difference between that and tax on the full retail amount is included as a deduction under “non-recovered sales tax”.
- 8. Always get a receipt.** Get a receipt for all expenditures (cash, credit, debit, or check). Be sure it indicates the date and amount, and write on it what deduction category it is. Keep as a backup to your deduction. For travel & meal receipts, record who, what, where, when.
- 9. At the end of the year, record the ending odometer reading from your car,** and place your mileage log and car expenses log with your other records for the year.
- 10. Use the “Income Tax Preparation” sheet** for compiling totals for your income tax accountant. With backup records, you’re all set.