

# Great tips for Taxes at Year End!

## Thanks to Future Executive Senior Sales Director Carolyn Thompson!

It's that time of year . . . time to get organized!! This can be a challenge but 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 next 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.

### **Suggestions:**

- 1. 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. Remember, anything you purchase FOR YOUR BUSINESS on or before December 31st will be counted in this year's tax return.
- 2.** 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!
- 3. 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 of this year (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.
- 4. Tally your expenses for the year.**  
Monthly expense system: Hopefully, you've already separated them into monthly folders and recorded them on an expense ledger for that month. If not, spend a little time each week getting them in order so you'll them finished well before April 15th. Or, if you don't want to do a monthly tally, use the yearly receipt system.  
\*Yearly expense receipt system: 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.
- 5.** Establish a file for all of your tax records for the year. When your 1099 form comes from the company or any other W-2's arrive, you'll have a place to put them.
- 6.** 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.

Once you've taken your year end inventory, log onto [www.marykayintouch.com](http://www.marykayintouch.com) and use the ordering program to tally it, just don't send 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! It is not necessary to count colors - you only need to know the number of lipsticks you have so you can put them on the order form as one color.