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### INCOME TAX SUMMARY FOR MARY KAY BUSINESS

## A) INCOME:

<ol> <li>Total of all sales slips after discounts excluding sales tax - actual cash</li> <li>Subtract any money refunded to customers - actual cash (Don't include exchanges)</li> <li>Total of all other income including company commissions, prizes, etc</li> <li>Attach Form 1099 and copy of Income Advisory Statement (IAS)</li> </ol>	\$
<ul> <li>B) COST OF GOODS SOLD (Section I only): Attach copy of Income Advisory Statement ( <ol> <li>Inventory December 31, 2003 (WHOLESALE, EXCLUDE SALES TAX)</li></ol></li></ul>	\$ tal) \$ \$ \$ \$ e,
<ul> <li>C) EXPENSES: (Include sales tax)</li> <li>1) Automobile Expenses: <ul> <li>Gas.</li> <li>Car License.</li> <li>Insurance.</li> <li>Lease Payments.</li> <li>Maintenance.</li> <li>Repairs.</li> <li>Washes.</li> <li>Other.</li> </ul> </li> <li>Total Mary Kay miles driven during year.</li> <li>Total Mary Kay miles driven during year (12/31/03 Odometer reading).</li> <li>Interest on car loans.</li> <li>Parking fees &amp; tolls.</li> </ul> <li>Advertising, newsletter.</li> <li>Subscriptions and dues</li>	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ }

YEAR: \_\_\_\_\_

18)	Mary Kay supplies - Section 2, Preferred Customer Program i.e. mailing & gifts (less personal Starter Kit and other sales aides - Add up invoices (If using IAS, add December purchases) ABOVE AMOUNT \$ X SALES TAX% = \$TAX, TOTAL					
10)	Uncollected sales tax on Section I product, i.e., discounts, promo, demo, free product,	. Ψ				
13)	personal use (50%), hostess gifts, bad debts, obsolete product, prizes, charity, etc	¢				
20)	Travel expenses, i.e., plane, public transit, taxi, lodging, tips, parking,	. Ψ				
20)	car rental, dry cleaning, etc. when out of town overnight	¢				
21)	Meals and entertainment @ 100%: local					
21)						
221	away from home overnight(# of Days)Bank service chgs & annual business credit card fees (not interest)	. ⊅				
	Credit Card Processing Fees (Pro-Pay)					
	Freight paid on order forms to Mary Kay (See Order Forms/In-Touch)					
25)	Phone order charges (See Order Forms/In-Touch)	. \$				
26)	Promotional prizes excluding products from inventory	\$				
	Child Care	. \$				
28)	28) Telephone - including long distance, call waiting, voice mail, web-site, cellular phone, DSL,					
,	2nd line, 2nd phone, Internet, In-Touch, etc. (do not include base cost on 1st line only)	.\$				
29)	Wages paid (W-2 given) and/or Contract Labor (1099 given)					
	Open house expenses i.e. food, clean-up, etc.					
31)́	Supplies - Other	. \$				
	Other	.\$				

### D) OFFICE-IN-HOME (OIH):

1)	Rent(Homeowners - see 2 & 3)	\$
2)	Mortgage interest	\$
3)	Real estate taxes	\$
4)	Insurance	\$
5)	Utilities	\$
6)	Trash removal	\$
7)	Repairs to home - include cleaning	\$
	Repairs to office area	
9)	Total area of home in square feet	•••
	Area of home used exclusively for business plus area for inventory storage	
11)	Months you have been in your Mary Kay Business	
12)	Cost of your home - including improvements	\$
13)	The year you purchased your home	
NO	TE: OIH IS ONLY DEDUCTIBLE IF PROFIT IS MADE, OTHERWISE IT IS CARRIED	
	FORWARD. SEEK TAX ADVICE IF SELLING YOUR HOUSE WITHIN 2 YEARS	

### E) GET SMART ABOUT TAXES:

- Start today keeping good records! Keep a small datebook on the seat of your car to record all Mary Kay trips!
- 2) Get receipts for every Mary Kay expenditure lunches, parking, purchases, etc!
- Keep good records of product used for hostess credit, demonstration, sold at discount, personal use and money not collected on product sold.
   Prepare sales slips for all product taken out of inventory.
- 4) Because Mary Kay is a unique business, make sure your tax preparer <u>understands the Mary Kay business.</u>

### F) ADDITIONAL INFORMATION (not used for tax preparation):

2) Product (wholesale) given away i.e. promo, demo, gifts, hostess (Sec I only) \$	given - actual cash.		\$
2) Obselete inventory (product that is not calcoble) depit include in inventory (wholecale)			
3) Obsolete inventory (product that is not saleable) - don't include in inventory (wholesale) \$	tory (product that is	t saleable) - don't include in inventory (wholesale)	\$