

Keeping Accurate Records

Why Record Keeping Is Important

Accurate, up-to-date records are vital to your Mary Kay business. They will help you keep your Mary Kay business organized and may even save you money on your income taxes.

If you do not keep accurate records, you may miss deductions to which you would otherwise be entitled. In the event of an audit, if your records are inaccurate, poorly kept or in disagreement with your tax return, you may have to pay additional taxes.

Basic Record-Keeping Guidelines

Here are some basic record-keeping guidelines:

1. **Keep your business expenses separate from your personal expenses.** You may want to open a separate checking account for your Mary Kay business and consider obtaining a credit card to use strictly for business expenses. The advantage of doing this is to make your record keeping easier. You will know that all the income deposited into your business account is Mary Kay earnings and all checks written or purchases made using your business credit card are Mary Kay expenses. Keep all monthly statements and deposit slips.

Use of the words *Mary Kay*, *Mary Kay Cosmetics* or *MK* on your accounts is not authorized with the exception of those offered through MKConnections®.

2. **Maintain a daily business log.** A daily record of your business activities is critical for supporting various types of business expense deductions you may want to claim. You will want to record details of all appointments and business expenses in this daily log as well as your business mileage. You may want to use your date book or daily planner as your business log.
3. **Save all Mary Kay business-related documents and records.** Any document or record that supports income or an expense is a supporting document and should be retained. You might want to organize these documents or records in some kind of filing system. The Records Checklist provides examples of what records to keep.
4. **Retain all records for a sufficient length of time.** Supporting documents should be kept as long as they may be needed to verify amounts on a tax return, at least four years, perhaps more. Check with your tax advisor before throwing out any documents.

Records to Keep Regarding Income

To support information about your income, you'll want to maintain accurate and detailed records, which include, but are not limited to:

Sales tickets - Your copy of the sales ticket is your most detailed source of information regarding personal sales. ***Weekly***

Accomplishment Sheets are not a substitute for sales tickets as tax documentation

Form 1099-MISC - If you order more than \$5,000 in wholesale merchandise during the calendar year, or receive \$600 or more in commissions, prizes or awards, you will receive a Form 1099-MISC from the Company. Click here for more information on Form 1099-MISC and to view an example of the form.

Income Advisory Statement - All Beauty Consultants and Sales Directors who receive either a Form 1099-MISC from the Company or prizes/awards in excess of \$200 will receive an Income Advisory Statement. Click here to for more information on Income Advisory Statements and to view a sample form.

Monthly Consultant Statement - The Company sends you a monthly Consultant statement if you have personal team members or any balance due the Company. **You should keep a file of these detailed statements as documentation for your Mary Kay income.** Click here for more information on monthly Consultant statements.

Independent Sales Director Commission Schedule - This schedule provides detailed support for the Sales Director commissions reported on Form 1099-MISC and should be retained for tax purposes.

Bank deposit slips and bank statements – You will want to deposit all Mary Kay income in your business bank account and keep all deposit slips. It is also recommended that you keep your monthly bank statements.

The 60 page resource, "Tax Essentials" may be found at:

<http://www.marykayintouch.com/home/default.asp?RedirectPage=/publications/documents/salesforceeducation/TaxEssentials.htm>

Mary Kay Inc.'s "Record Checklist" may be found at:

<http://www.marykayintouch.com/publications/documents/salesforceeducation/checklist.htm>

We suggest a basic computer program designed to handle and help you organize your MK business... Beauty Advisor – www.creativecs.com

You also may want to consider a basic money management tool such as Quicken or Microsoft Money.