

THE CHECKBOOK (or Journal)-all entries must show category or account.

Reminder: To be deductible, expenditure Must always be "an ordinary and necessary expense to produce income". And it must be a consumable item. Equipment purchases are NOT an expense nor are refunds.

CATEGORIES for inflows and outflows:

Income	Label as 'Inc-sales', 'Inc-rent', etc. 'Income' is what Your New Business, Inc. is in bus. to do.
Interest Inc.	From bank or if from a receivable, show interest & principle breakdown
Other deposits:	Label with ACCOUNT: Accts Payable (A/P) , Accts Receivable (A/R), or Transferred from:
Refunds:	OR, Label refunds with CATEGORY: Use the Expense category that was used originally for the payout of the related transaction. ex. a tax refund is not income, it is a refund of an original expense so label it w/ that category

Advertising(& Promo)	Business cards, yellow pages, print, signs, goodwill gestures to clients or potential clients.
Auto (&Trans)	Auto miles at current cents per mile. This is not fuel costs unless company has more than one vehicle or is using actual costs or the vehicle used in business is leased.
Banking	Check fees, statement fees, overdrafts, etc.
Communications	Dedicated business phone line, Long Distance fees, beeper, cell phone, ans. service, voice/E mail
Contract Labor	Non employee compensation. Business must have name/address/ss# on file to issue 1099 MISC
Cost of Goods Sold (CGS)	Goods that are bought now & sold now or when taken out of Merchandise Inventory asset account
Depreciation	End of year entry - usually made by tax accountant, (offset entry into the Asset-Deprec account)
Dues & Publications	Professional organizations, magazines relating to business or investing, professional memberships
Education(/Seminars/Classes)	For class & materials only. Meals and travel (lodging) are separate.
Insurance-Business	Liability, contents, E&O, etc
Insurance-Health- nonshareholder	Available to C and S corp.s. [note: shareholder Health Ins is only deductible for C corp.s]
Insurance-Health- shareholder	[note: for C Corporations w/ a medical benefits plan: use "MEDICAL" category for out of pocket exps]
Interest Exp.	Make sure payments on acct show principle and interest breakdown.
Legal & Prof Fees	Lawyers fees, accounting, payroll,
License Fees	
Maintenance	Care of facilities prior to breakdowns or replacements - PREVENTIVE IN NATURE
Meals	These must be categorized separate from other expenses as they are reported uniquely - must be able to document business relevance, names of those in attendance, topic of business discussion.
Office Expense	Non income producing consumables - clerical in nature
Postal (& Shipping)	Stamps, UPS, FedEx
Reference	Tools/ books / media
Rent	Office space, equipment, etc - used for business. Need nm/address/ss# to issues 1099 by 1/31.
Repairs	Care of facilities AFTER A breakdowns - after item becomes unusable
Supplies	Consumable items, not part of a product that is sold but uniquely related to the business, not office.
Taxes-941	Fed Withholding and Soc Sec and Medicare - Note tax type and period it covers (ex. 941 1st Qtr)
Taxes-FUTA	Fed 940 unemployment - Note tax type and period it covers.
Taxes-UA (fka MESC)	MI unemployment - Note tax type and period it covers.
Taxes-MI SUW	Sales, Use, and Withholding taxes - Note tax type and period it covers.
Taxes-PersProp	Businesses in taxing city limits pay personal property taxes on business assets
Taxes-Real Estate	On business real property
Taxes-SBT	Small business tax
Travel	overnight lodging and airfare, meals are categorized separately
Utilities	non- phone: gas, water, elec., trash removal
Wages - Officers	Category for shareholder(s)/owner(s) example: M/M Bus Owner
Wages (& Salaries for non officers)	Note that shareholder and/or officers salaries MUST be subcategorized and labeled as such

ACCOUNTS: Transfers between accounts must be clearly documented as "To: " and "From: "

Company Checking	LABEL ANY TRANSFERS AS TO: _____ AND FROM: _____
Company Savings/MM Acct	
Office Equipment	non specific to the type of business - ex filing cabinet in the office
Office Eq-Accum Depr	(for book entries at end of year)
Business Equipment	specific to the type of business- ex. cement mixer for mason
Bus Eq-Accum Depr	
A\Payable - (to who?)	Note: this would not be for expenses as co. reports exps only on cash basis (ie when paid)
A\Rec -(from who?)	Note: this would not be for client work as co. reports income only on cash basis (ie when received/deposited)
Inventory	AKA: Purchases. Goods that will be sold later. (book entry at EOP to show CGS expense)

Checks written for funds taken out of business for personal use (tax/accounting work, personal phone, personal utilities, auto payments, etc) are to be MEMO as DRAWs if S-Corp, or EXPENSE as DIVIDENDS if C-Corp.