

## 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:

<b>Income</b>	Label as 'Inc-sales', 'Inc-rent', etc. 'Income' is what Your New Business, Inc. is in bus. to do.
<b>Interest Inc.</b>	From bank or if from a receivable, show interest & principle breakdown
<b>Other deposits:</b>	Label with ACCOUNT: Accts Payable (A/P) , Accts Receivable (A/R), or Transferred from:
<b>Refunds:</b>	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
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<b>Advertising(&amp; Promo)</b>	Business cards, yellow pages, print, signs, goodwill gestures to clients or potential clients.
<b>Auto (&amp;Trans)</b>	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.
<b>Banking</b>	Check fees, statement fees, overdrafts, etc.
<b>Communications</b>	Dedicated business phone line, Long Distance fees, beeper, cell phone, ans. service, voice/E mail
<b>Contract Labor</b>	Non employee compensation. Business must have name/address/ss# on file to issue 1099 MISC
<b>Cost of Goods Sold (CGS)</b>	Goods that are bought now & sold now or when taken out of Merchandise Inventory asset account
<b>Depreciation</b>	End of year entry - usually made by tax accountant, (offset entry into the Asset-Deprec account)
<b>Dues &amp; Publications</b>	Professional organizations, magazines relating to business or investing, professional memberships
<b>Education(/Seminars/Courses)</b>	For class & materials only. Meals and travel (lodging) are separate.
<b>Insurance-Business</b>	Liability, contents, E&O, etc
<b>Insurance-Health- nonshareholder</b>	Available to C and S corp.s. [ note: shareholder Health Ins is only deductible for C corp.s ]
<b>Insurance-Health- shareholder</b>	[ note: for C Corporations w/ a medical benefits plan: use "MEDICAL" category for out of pocket exps]
<b>Interest Exp.</b>	Make sure payments on acct show principle and interest breakdown.
<b>Legal &amp; Prof Fees</b>	Lawyers fees, accounting, payroll,
<b>License Fees</b>	
<b>Maintenance</b>	Care of facilities prior to breakdowns or replacements - PREVENTIVE IN NATURE
<b>Meals</b>	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.
<b>Office Expense</b>	Non income producing consumables - clerical in nature
<b>Postal (&amp; Shipping)</b>	Stamps, UPS, FedEx
<b>Reference</b>	Tools/ books / media
<b>Rent</b>	Office space, equipment, etc - used for business. Need nm/address/ss# to issues 1099 by 1/31.
<b>Repairs</b>	Care of facilities AFTER A breakdowns - after item becomes unusable
<b>Supplies</b>	Consumable items, not part of a product that is sold but uniquely related to the business, not office.
<b>Taxes-941</b>	Fed Withholding and Soc Sec and Medicare - Note tax type and period it covers (ex. 941 1st Qtr)
<b>Taxes-FUTA</b>	Fed 940 unemployment - Note tax type and period it covers.
<b>Taxes-UA (fka MESC)</b>	MI unemployment - Note tax type and period it covers.
<b>Taxes-MI SUW</b>	Sales, Use, and Withholding taxes - Note tax type and period it covers.
<b>Taxes-PersProp</b>	Businesses in taxing city limits pay personal property taxes on business assets
<b>Taxes-Real Estate</b>	On business real property
<b>Taxes-SBT</b>	Small business tax
<b>Travel</b>	overnight lodging and airfare, meals are categorized separately
<b>Utilities</b>	non- phone: gas, water, elec., trash removal
<b>Wages - Officers</b>	Category for shareholder(s)/owner(s) example: M/M Bus Owner
<b>Wages (&amp; Salaries for non officers)</b>	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: "

<b>Company Checking</b>	LABEL ANY TRANSFERS AS TO: _____ AND FROM: _____
<b>Company Savings/MM Acct</b>	
<b>Office Equipment</b>	non specific to the type of business - ex filing cabinet in the office
<b>Office Eq-Accum Depr</b>	(for book entries at end of year)
<b>Business Equipment</b>	specific to the type of business- ex. cement mixer for mason
<b>Bus Eq-Accum Depr</b>	
<b>A\Payable - ( to who?)</b>	Note: this would not be for expenses as co. reports exps only on cash basis ( ie when paid)
<b>A\Rec -(from who?)</b>	Note: this would not be for client work as co. reports income only on cash basis ( ie when received/deposited)
<b>Inventory</b>	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 a MEMO as DRAWs if S-Corp, or EXPENSE as DIVIDENDS if C-Corp.*