

# THE VISIBILITY REPORT

newsletter by: **BOOKKEEPING MATTERS INC.**

## IN THIS ISSUE

- Top 10 Things To Like About The Tax Relief Act Of 2010..... 1
- It's Time to Upgrade!..... 2
- Entering Debit Card Purchases into QuickBooks..... 3
- Client Spotlight - About 2 Healthy Livin LLC. .... 4
- Tools You Can Use - A/R Connection..... 4

## A NOTE FROM JENNIFER

Happy New Year and Happy New Tax Season to One and All!

It's my favorite time of the year and my schedule is packed with fun projects like preparing 1099s, planning new budgets for 2011, and catching up 2010 bookkeeping for several small businesses. Even though I enjoy the start of a new tax season, I know it evokes a sense of dread and disdain in most people, but that is the wrong attitude to take. What's the point in hating and avoiding something that happens every single year regardless of how you feel about it or how little you've prepared for it? Why not accept the fact that April 15th is not going to disappear from the calendar, and instead of endlessly worrying about it, take a proactive approach to search for the advantages and opportunities that are available . . . maybe with the help of a top-notch bookkeeper

Wishing You Happy Holidays,

*Jennifer*

## JANUARY 2010

THE VISIBILITY REPORT is a monthly newsletter published by Bookkeeping Matters, Inc.

TO SUBSCRIBE, please visit the Newsletter page on our website ([www.pdxbookkeeper.com/newsletter.html](http://www.pdxbookkeeper.com/newsletter.html)) and click the *Subscribe button* in the left channel of the page.

## FEATURE ARTICLE

### *Top 10 Things To Like About The Tax Relief Act Of 2010*

Now that the busyness of the Christmas season is beginning to fade, this is a good time to remind you that on December 17 a tax law was passed that is filled with significant changes for 2011 and 2012.

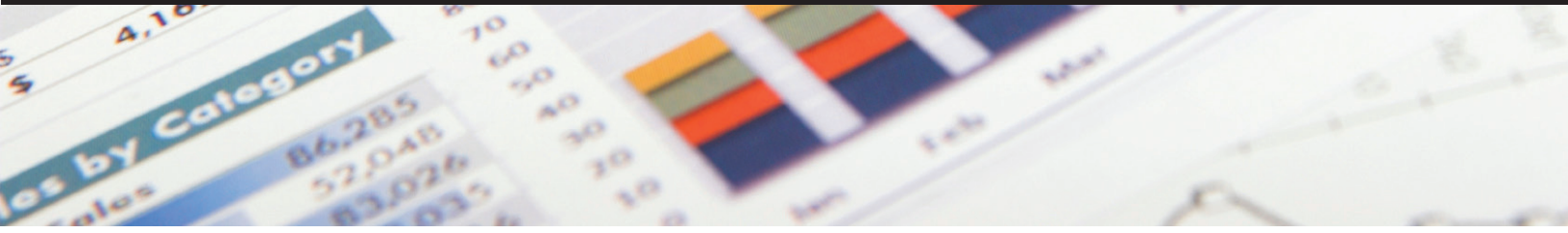
I guess you could consider this legislation an "early" Christmas present that you may not have even realize you received.

This law has one of those really long names. I prefer to use the shorter name – "The Tax Relief Act of 2010." It's got something for everyone. As far as personal income tax issues, here are 10 things about this bill that should give you something to smile about as we bring in the New Year.

1. Personal income tax rates will remain the same for the next two years. If this bill had not been passed, individual tax rates would have increased on January 1, 2011 to 15, 28, 31, 36 and 39.6 percent. Instead, they will remain at the levels of 10, 15, 25, 28, 33, and 35 percent for 2011 and 2012.
2. Maximum capital gains tax rates will also remain unchanged for 2011 and 2012. The maximum rate of 15 percent (zero percent for folks in the 10 and 15 percent tax brackets) stays in effect instead of increasing to 20 percent (10 percent for those in the 15 percent bracket).
3. Maximum dividend tax rates also stay the same for the next two years – 15 percent rather than ordinary income tax rates of up to 39.6 percent.
4. The child tax credit of \$1,000 is extended for the next two years, rather than returning to \$500 per qualifying child.

# THE VISIBILITY REPORT

newsletter by: **BOOKKEEPING MATTERS INC.**

- 
5. The American Opportunity Tax Credit (a credit of up to \$2,500 to offset qualified higher education expenses) remains in effect for 2011 and 2012.
  6. Employers can continue to provide tax-free educational assistance to their employees up to \$5,250 per year in 2011 and 2012.
  7. Several tax breaks that had expired on December 31, 2009 have been extended for 2011 and 2012. These include the teacher's classroom expense deduction, the higher education expense deduction, and the state/local sales tax deduction.
  8. The deduction for qualified mortgage insurance premiums has been extended for 2011.
  9. The dependent care credit remains as is for the next two years.
  10. Social Security taxes have been reduced by 2 percent for 2011. This reduction applies to both employees and the self-employed. For many years, employees and employers have both paid 6.2% in Social Security taxes. For the year 2011, this rate drops to 4.2%. So for a person who has income of \$50,000 from wages or self-employment, this bill provides a tax break of \$1,000.

Of course, there's at least one thing to dislike about the Tax Relief Act of 2010 – all these provisions are temporary. A few exist for only one year (2011). Most of them will expire at the end of 2012, and so in two years, we get to watch Congress and the President have yet another debate on what to do about tax rules that change repeatedly because our politicians created them that way. So enjoy these tax breaks while they last.

*Wayne Davies is the Internet's top tax preparer -- you'll find him at <http://www.GoodTaxPreparer.com>. He is author of 3 ebooks on tax deduction strategies for small business owners and the self-employed. For a free copy of Wayne's Special Report, "How To Instantly Double Your Small Business Tax Deductions" visit <http://www.YouSaveOnTaxes.com>*

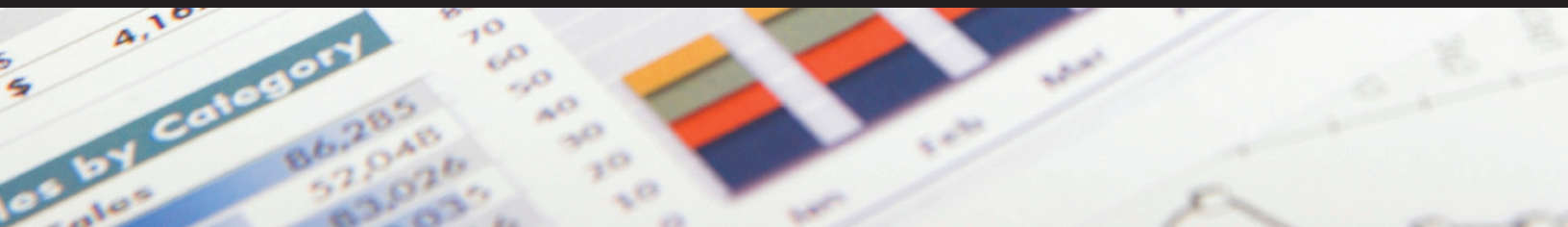
## IMPORTANT NEWS

**It's Time to Upgrade!**

**LIVE TECHNICAL SUPPORT** and business services such as payroll and credit card processing will be discontinued for QuickBooks 2008 and QuickBooks 2007 for Mac on May 31, 2011. You can buy QuickBooks 2011 for 20 percent off retail using my ProAdvisor discount just by ordering your copy through my website at <http://www.pdxbookkeeper.com/quickbooks-products.html>

# THE VISIBILITY REPORT

newsletter by: **BOOKKEEPING MATTERS INC.**



## QUICKBOOKS TIPS

### Entering Debit Card Purchases into QuickBooks

A question my clients ask me often is “**how do I enter debit card purchase into my QuickBooks file?**” What is stumping them is that on the Write Checks screen, what do they put in the check # field? The initial reaction of some clients is to put the reference # or approval # from their debit card receipt in that field. NO NO NO! Don't do that - not only is it a giant waste of time typing in all those #'s but it will make reconciling your account (you do reconcile, right?) a nightmare!

When entering items into your bank accounts (checking, savings, etc) the check # field above (the field next to “No.”) can be used very effectively if you develop and use a concise list of codes for the different types of transactions that you have.

#### HERE IS THE LIST OF CODES THAT I USE FOR MY OWN BOOKS AND ALL MY CLIENTS' BOOKS:

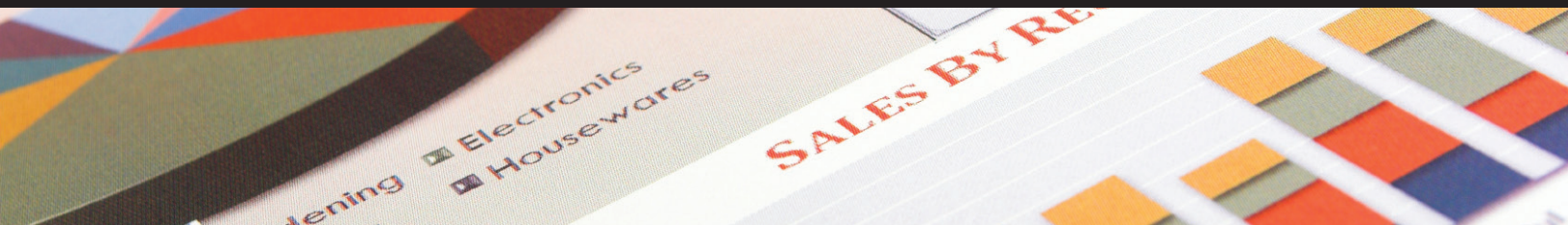
- **DEBIT** = debit card purchase  
.....
- **DD** = direct deposit transactions (direct deposit paychecks to your employees, etc).  
.....
- **EFT** = electronic funds transfer (items that come out of your bank account either electronically, automatically, or both). Examples of this would be electronic payments of payroll taxes, bank fees, automatic telephone or utility payments, etc.  
.....
- **WD** = a withdrawal from the bank account. Use this code when in-branch withdrawals are made or the bank makes an adjustment to your account.  
.....
- **ATM** = an ATM withdrawal from the bank account. Use this code when monies are withdrawn from the account via the ATM machine.  
.....
- **ADJ** = an adjustment that you make to your bank balance. This code should not be used very often, if at all!

The codes above ARE case-sensitive in that you need to be consistent. Either use all caps (DC) or all lower case (dc) on ALL the entries. Don't mix using upper and lower case. Doing so will cause QB to sort your entries incorrectly in the Reconcile window.

Using consistent codes will help you in reconciling in that QB will group all the like codes together in the Reconcile window by ascending date. Reconciling your account will be much easier when you can easily find the transactions in your reconcile window to match to your bank statement.

# THE VISIBILITY REPORT

newsletter by: **BOOKKEEPING MATTERS INC.**



## CLIENT SPOTLIGHT

### About 2 Healthy Livin LLC.

Sven and Carrie Vanrenterghem of 2 Healthy Livin LLC enjoy assisting others with achieving optimal health. Carrie first lost 40 pounds in 3 months over 3 years ago, this was icing on the cake to how she felt. All of a sudden she was no longer taking long naps and never feeling quite right but had high energy, no hunger and no cravings. Now after over 3 years of assisting people in reaching their health goals, Sven and Carrie also love assisting their clients in gaining healthy finances and giving purpose to people. They love what they do and love sharing about it.

### Working With Bookkeeping Matters.

Jennifer has been a big help in our business and by doing the things that we don't always enjoy or see "eye-to-eye" on. She has taken away a stress in our lives by taking over our financial management. Working with your spouse is wonderful but can at times be challenging. We have enjoyed knowing we are in safe hands with Jennifer and it has helped us look at our finances in a different light so that we can grow in our business and our relationships. We appreciate Jennifer and her professionalism that has smoothed out what can sometimes be an overwhelming experience.

## TOOLS YOU CAN USE

### A/R Connection



A/R Connection is a highly effective account receivable collection tool that automatically calls, e-mails, faxes, and writes your customers when their payments are late.

The beauty of this system is that it automatically pulls in data from your QuickBooks accounting system and can be easily set up to message clients to remind them to pay their bills.

Choose any frequency, message type, and message tone that you desire. The system even allows customers to interact with the automated voice messages to immediately connect back with your bookkeeping department to manage and handle payments.

A/R Connection offers a new and better option to collecting on delinquent bills. If you'd like help setting up A/R Connection to integrate with your QuickBooks file, call Jennifer at Bookkeeping Matters today at 503-995-1929.