

THE VISIBILITY REPORT

newsletter by: BOOKKEEPING MATTERS INC.

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A NOTE FROM JENNIFER

Last week I had an amazing meeting with my mastermind group. Wow. I sometimes think I already “get” the power of group energy and intention - but this took everything to a new level for me. New clarity. New purpose. Major upleveling!

There’s an expression that can really scare some people. It is: “Get big or go home!”

The reason it’s so threatening is that it makes us very aware of the ways we shrink or settle for less than our true desires in our lives. When you open up and realize how big you can be - it requires a new clarity and belief in yourself.

It’s liberating. But also frightening.

Here’s the thing:

Only you can decide how bright you want to shine and how big you want your life to be. So, let’s put on those big-girl panties and talk tips on how to let go of old limiting thoughts and step into our best and brightest selves!

Are you ready to stop playing small, and start living big?

Jennifer

MARCH/APRIL 2011

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

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FEATURE ARTICLE

How Much Money Can the Home Office Deduction Save You?

Here’s a comment I received from a tax client recently: “Why do people make such a big deal about the home office deduction? It’s not really worth that much, is it?” Like most tax questions, the answer to this question is “It depends.” It depends on two key factors that contribute to the calculation of this deductible small business expense. Read on to find out whether it is worth it for you.

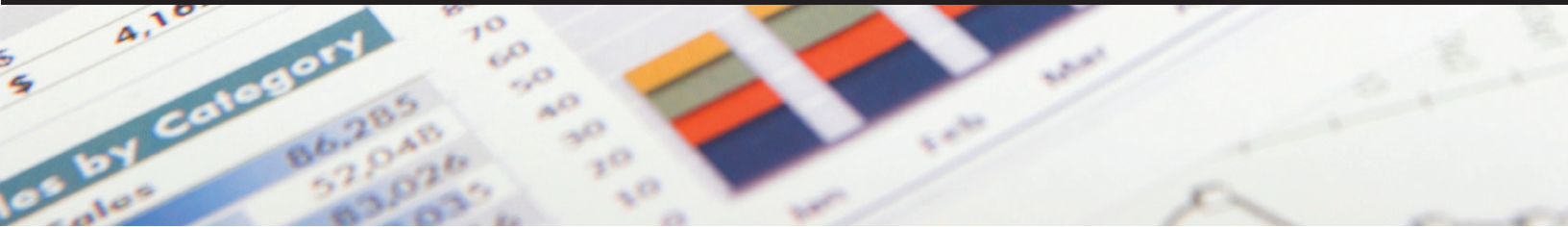
The two main factors that determine the amount of your home office deduction are: 1) Business use percentage, and 2) Home-related expenses. Let’s take a closer look at each of these items so you can get a general idea of how much money you’ll save by taking this deduction.

Business Use Percentage. You need to know two things for this: the square feet of your home office and the square feet of your house, apartment or condo. How do you determine that? Easy: with a tape measure. If you don’t know the square feet of your office, take out a tape measure and find out. The same holds true for the square feet of your home.

Then you take the home office square feet, divide it into the total house square feet and you now know the business use percentage of your home office. Here’s a simple example: Your home office is 15 feet by 20 feet, or 300 square feet. Your house is 1,500 square feet. 300 divided into 1,500 is 20%. Your business use percentage is 20%. So you get to take a deduction for 20% of various home-related expenses, detailed below.

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Home-Related Expenses. Here's where you do get to do even more number crunching. Add up all the following annual expenses: mortgage interest, property taxes, homeowner's insurance, repairs and maintenance, utilities (such as gas, electricity, water, sewer and trash service), homeowner's association dues and depreciation. Let's say all those items add up to \$2,500. Then you multiply \$2,500 by 20% to arrive at \$500, which is the actual amount of your home office deduction.

Of course, your numbers will likely be different than the ones used in the example above, but that's basically how this deduction works. If you happen to rent your home rather than owning it, you would use your annual rent expense instead of the mortgage interest, and you probably won't have any property taxes.

So you've got a deduction of \$500. If you are in the 30% federal tax bracket (15% for income tax plus 15% for self-employment tax), \$500 times 30% is \$150, which is your actual tax savings. For some, \$150 may seem like an insignificant amount and not worth the record keeping and tax reporting requirements. Others would be glad to have an extra \$150 in their pocket instead of Uncle Sam's. The choice, of course, is yours.

I would challenge you to consider this simple fact: many small deductions add up to big tax savings. If you can take the deduction, take the deduction. How much time will it take you to do the bookkeeping necessary to save \$150? If it takes you an hour, you've just paid yourself \$150 for an hour's work, which is a good wage in any economy.

Of course, if your house is bigger than the example used above, and/or your business use percentage is greater than the above example, you could save significantly more than \$150. Some self-employed people realize a tax savings of hundreds or even thousands of dollars each year via the home office deduction. As mentioned earlier, it all depends on the numbers.

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

If You're Using QB 2008 – Remember to Upgrade Before May 31st

Does your small business use QuickBooks for your bookkeeping and financial needs? If you work in QuickBooks 2008 or QuickBooks for Mac 2007, be aware these versions of QuickBooks are scheduled to sunset on May 31, 2011.

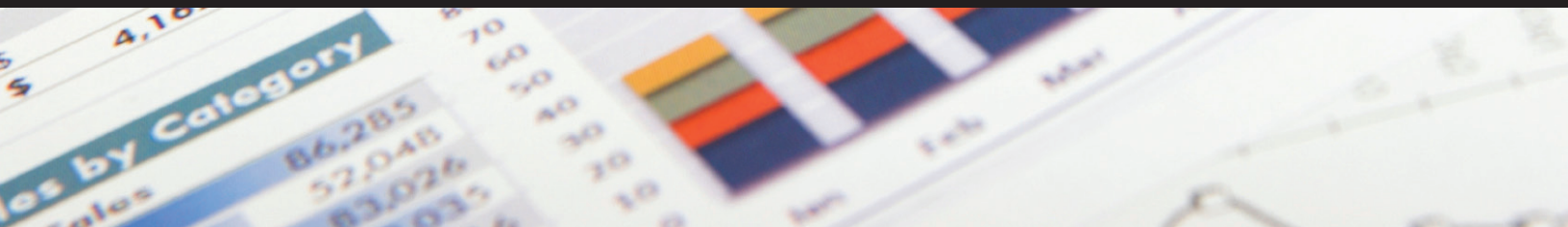
What does this mean for your small business?

If you only use the products saved on your computer, than you can continue to use your older version of QB. The disadvantages include Intuit no longer sending out updates and fixing software bugs. Intuit will be discontinuing their live customer support for QB 2008 as well.

The greater impact of the sunset comes if you use any of Intuit's support or online services. The following services will be discontinued as of May 31, 2011:

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IMPORTANT NEWS - cont.

- **Online Banking** – QuickBooks 2008 will no longer connect with your financial institution.
- **Bill Pay and Billing Solution** – Both services will be discontinued.
- **QuickBooks Email** – Your company will no longer be able to email reports, invoices, forms, etc. through Intuit's server.
- **QuickBooks Payroll** – Assisted, Basic, Standard and Enhanced Payroll will no longer calculate payroll taxes and will no longer provide payroll tax forms. Therefore, your payroll will not be accurate. In most cases, your payroll subscriptions will be deactivated. The Employee Organizer will also no longer be available.
- **Credit Card Processing** – You will no longer be able to process credit cards through QuickBooks 2008 and your automatic credit card billing service will be discontinued. If you use a terminal download, you will no longer be able to download the transactions into your QuickBooks company file.
- **Online Backup** – Will no longer be an available option for your QuickBooks 2008 company file.
- **Live Technical Support** – Will be discontinued.

QUICKBOOKS TIPS

How to Fix a Payment That Was Applied to the Wrong Invoice

You can change the invoice a payment's applied to by going to the customer's transaction list, finding the Payment, opening it and unchecking the incorrect invoice and checking the correct one. If the correct one isn't listed, you've already applied another payment to it so you may need to open several payments before you can get everything fixed. Just remember, if you leave a payment unapplied to an invoice it'll not only show the invoice as unpaid but it'll screw up your cash basis Profit & Loss. So when you're all done, go to Reports > Customers & Receivables > Open Invoices to make sure no payments are still unapplied (they're listed as negatives on the report). You do not need to delete any deposits to correct this. That'll only put the deposit back into undeposited funds. It does not affect the payment in any way.

COLLECTIVE INTELLIGENCE, INC.

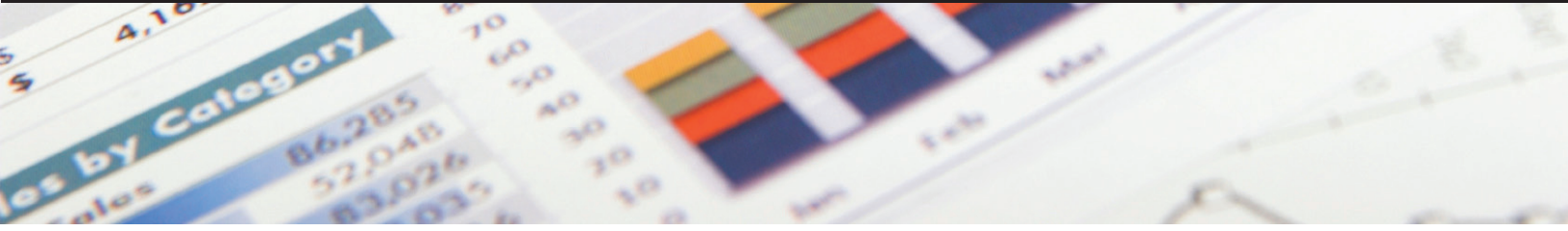


Collective Intelligence, Inc. of Vancouver, WA was founded in June 2001 by Erika Worth. They provide premier background screening and drug testing services to individuals, small businesses, government agencies, corporations, HR professionals and television networks. They have national and international capabilities, and pride themselves on their streamlined technology, quality of their products and their excellent customer service. It is with a great sense of pride and gratitude that they serve their clients. Client satisfaction is their greatest asset, and protecting their clients from negligent hiring lawsuits, violent criminals and litigious employees is their highest responsibility. They want to alleviate the stress and frustration of background checks for their clients. "Let us focus on the backgrounds so that you can focus on your business" is their philosophy.

"Jennifer started working with us during a difficult transition period after our long-time bookkeeper retired. In just a few short months she's completely streamlined our accounts, and provides amazing weekly cashflow/revenue reports. Her professionalism and easy going demeanor are a perfect fit for our office. She's already become a member of our family."
-Erika Worth

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TOOLS YOU CAN USE

RoboForm Pro

RoboForm is a secure password manager that can automatically log you into your web accounts with a single click. The program can automatically learn from a new login, just click the a button to save the current login information - the next time you want to access the site, you can do so with a single click. Your stored logins are securely protected by a master password and AES encryption, so there is no need to remember individual password, or to use insecure passwords in order to remember them more easily. In addition to secure password storage and automatic logins, RoboForm also includes an automatic form filler, that uses Artificial Intelligence to populate common form fields (name, address etc.) whenever you encounter a web form to fill. Besides the obvious convenience of one-click logins, the program also adds an additional level of security by restricting password entry to matching sites (prevent phishing attacks) and bypassing potential keylogger interception.
