

This information is not meant to replace any advice or information you receive from your personal tax advisor.

## BOOKKEEPING FOR YOUR ARBONNE BUSINESS HOW TO REDUCE YOUR INCOME TAX TO THE MINIMUM ALLOWABLE

You must pay income tax on the net profit your business made.

What is your net profit? Take your total Arbonne income and subtract all your Arbonne expenses. The result is your net profit. When taxes are concerned, the more expenses you have (that is, the more “write-offs” you have), the lower your net income will be, and the lower income tax you will pay. Please note: Al Capone went to Alcatraz for not reporting income! For your own sake, it’s best to report your income

What is your total Arbonne income? In general you get income from your clients by selling them products and from Arbonne by earning overrides and bonuses. You should keep a copy of every sales invoice you give to your clients. On any invoice, the total due to you from the client (including the total retail price of the products, sales tax and any shipping you charged them) is your income from that invoice. Take all the invoices to your clients and add up all the income. Add to this total all overrides and bonuses you earned from Arbonne as shown on your monthly check from Arbonne. This is your total income.

What is the total of all Arbonne expenses? An expense is any item you purchased that is necessary for you to run your business.

Typical expenses are:

- what you paid for the products you sold (65% of retail)
- the sales tax you paid to Arbonne
- the shipping you paid to Arbonne
- cost of Arbonne-related telephone and cell phone service
- cost of driving and maintaining your car for Arbonne-related business
- office expenses, such as a fax machine, printer/computer, adding machine, etc.
- meals and entertainment with your clients/team
- all Arbonne business aids.

These are only typical expenses. Other expenses include, but are not limited to, office expenses, tapes and books used for training and motivation, postage expense, advertising, conference fees, and samples of Arbonne products you give to prospective clients.

Remember: All money you spend that is necessary to run your business is an expense. **Open a checking account just for your Arbonne business.** Pay all your business expenses with checks from this account. Deposit all your income

into this account. You can use a credit card for your expenses, too, but that credit card should be used ONLY for your Arbonne business and NOT for any personal expenses. You can get an Arbonne MasterCard with 0% interest for the first 12 months (please refer to terms and conditions when applying, as they are subject to change). The website is where you can apply for the card is: <https://www.applyonlinenow.com/USCCapp/Ctl/entry?sc=VABLK0#b>

#### Receipts:

Whenever you spend money on a business expense, keep the receipt. Keep files for each of the expenses listed above. Inside the file folder, keep a running log including the date and amount for each expense. Then, keep the receipts in the folder. Your accountant can tell you how to categorize and totalize your expenses.

Make a file for all of your Product Orders to Arbonne. Keep and staple the packing slip to the Product Order form for that order. This proves you ordered and received the product. In a separate file, keep your copy of the Retail Price List for your Clients. This proves you sold the product to your Clients. I put the order number on my copy of each one of the client order forms.

Listed below are the expense files I keep for the entire year. Once I record the expense in the appropriate category, I file the receipt in the file below. At the end of the year, I group all of these files, store them with my day planner, a catalog for that year, a holiday catalog for that year, a Retail Price List for that year, as well as anything else related to that year.

- Advertising
- Car
- Charitable
- Downline
- Gifts
- Meals & Entertainment
- Office
- Orders
- Seminar – Sales Training or Motivational Training
- Shipping
- Supplies
- Travel

***Good Luck with your new Arbonne business!!***