

## Mar"key"t place

We continue our series on the stages of vendor relations. The first stage of a vendor relationship is the initial contact. Additional ways they make this contact are through networking and referrals.

We discussed networking at length in a series last year. (Please contact our office for back issues). The last way is through referrals. This is probably the most preferred way to start a relationship with a new vendor. You know second hand how well the vendor services/produces their product by the



referral given to you.

However, here are some caveats to referrals:

1. Consider the source of the referral: How well do you know the person giving you the referral of the vendor? If you don't know that person well, then follow the routine steps of ensuring the vendor is solid: check their references, look at their product, compare shop.

2. Consider the motivation of the person giving the referral? Will that person receive a large commission from the referral? There is nothing wrong with a referral fee but large commissions can sway someone between a good referral and one that is in the referring person's best interest and not yours.

3. Referrals can go south. If the vendor turns out to be a "lemon" be sure to tell the person who referred you. That person needs to know not to refer that vendor in the future.

## Quote

**You do not even know what will happen tomorrow. You are a mist that appears for a little while then vanishes. —**

## Q&A

**Client:** What benefits can I offer to retain employees (continued)?

**BKC:** Health insurance.

The law in California as it stands right now: companies do not have to offer health insurance.

However, if they do, they must pay 50% of the monthly premium for the employee (not employee's family if he/she chose to add family to the policy). We will cover this subject in detail later this year under Account-Able column.



# KEEPING LEDGER

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## BUSINESS-KEEPERS CONSULTING

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## ACCOUNT-ABLE

Our series on payroll continues into the depths of payroll taxes. We've covered the four employer payroll taxes (Social Security, Medicare, State Unemployment, and Federal Unemployment). Let us return to the other two payroll taxes that are withheld from the employee: Federal Income Tax and State Income Tax (FIT and SIT); what we call "lifestyle" taxes.

FIT and SIT are calculated by a tax table established by the IRS and Franchise Tax Board (FTB) respectively. The tax table is based on what the employee claims on their Form W4. This form has a calculation table that helps you determine how many allowances you can claim. For example, you claim yourself as one allowance, your spouse as another allowance, and a child as a third allowance. On the W4 this would imply you entered the tax status of Married with 3 allowances.

However, it doesn't really work out that easily. This little calculation on the W4 form does not take into account whether you own a house (or two), if you have a business on the side that



Account-able continued on back page...

## Calendar

Thursday, January 1st

*New Year's Day (observed)*

Thursday, January 15th

*Fourth, and last, estimated personal income tax payments due for 2008 year*

Monday, January 19th

*Martin Luther King Jr. Day (some observance)*

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## The Sound of Business... (Account-able continued)

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you collect 1099 income from, or how much your spouse's job pays.

In other words, this simple W4 form is not an accurate picture of your employee's "lifestyle" tax bracket. You are not legally qualified to tell your employee how many allowances to take on this form. However, you should strongly recommend the employee consult their tax consultant on an annual or even semi-annual basis. If the employee owed a lot in taxes the year before, they should consider decreasing their allowances in the new year, so more taxes are taken out per pay period. The lower the allowance number, the more taxes are withheld.



Another thing to watch out for are employees who "play" with the allowances. An employee might fill out a new W4 stating they are Married with 9 allowances. Then a couple of months later they want to change it to Married with 5, and so on. Playing with allowances is not acceptable policy. This too can get them in trouble when they go to file their taxes and find they have not had enough FIT taken out of their payroll checks.



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### Important Websites:

[www.irs.gov](http://www.irs.gov)

[www.edd.ca.gov](http://www.edd.ca.gov)

[www.boe.ca.gov](http://www.boe.ca.gov)

[www.ftc.gov](http://www.ftc.gov)

[www.katchtheday.com](http://www.katchtheday.com)

[www.business-keepers.com](http://www.business-keepers.com)

[www.nps.gov/jotr](http://www.nps.gov/jotr) (Joshua Tree)

**HAPPY NEW YEAR!**

**May 2009 bring  
many wonderful  
blessings.**

### Katch the Day

We revisited Joshua Tree National Park in the winter; it is a great Katch the Day location that needed a second look. In our November issue we talked briefly about this park, but we discovered more to share with you. Pictured is a close up of a Joshua Tree. The Cholla Cactus Garden displays hundreds of these plants with a comfortable pathway around them.



Another wonder are the stars you see in this clear desert sky. We parked at the Cottonwood Springs campsite (first come first served, \$15 a night, dry dock, but with a septic dump). This campsite offers an array of hikes short and long through the desert's plants and rock formations. We hiked, then settled into a campsite to light a fire and have a roast. When the fire was out, we laid on the soft ground (it had recently rained) and looked up at the stars for quite some time. Being city dwellers, we see very little in the sky at night because of all the lights emanating from the streets. But in the desert, and particularly Joshua Tree, where there are very few obstructions, the sky lights up with constellations. Best of all, Cottonwood Springs campsite is only 10 minutes off of highway 10, 40 minutes east of Palm Desert. It's right in our backyard.



Katch Joshua Tree now while it is still in the cool of winter and early spring. For come May, it will be too hot to appreciate its wonders.

**KATCH THE HIKING DAY AND LEAVE THE BUSINESS-KEEPING TO US!**