

Mar"key"t place

Over the years we have discovered a hidden customer. One who stands by the sidelines and watches you sell or service your business, who sees how professional or unprofessional you are, and who decides whether to do business with you though you never prospected for *their* business. That hidden customer is *your* customer's vendors.

Here is an example: One of our customers, we'll call it "Tom's Auto Shop," needed to use "David's Consulting Service."

When we went to collect David's information to process the accounting end of the transaction between Tom's Auto Shop and David, David was extremely rude to us. David's aloofness to our requests burdened the transaction. Our customer, Tom's Auto Shop, was embarrassed with David's unprofessional behavior towards another one of their vendors (i.e.. BKC). More importantly though, BKC would never consider using David's service for our own business or referring them to other customers.

Consider how much access you have to your customer's vendors and the exponential customer base you can reap from this exposure.

In this new series, we will discuss these hidden customers—your customers' vendors.

Quote

Then all the people went away to eat and drink, to send portions of food and to celebrate with great joy, because they now understood the words that had been

Q&A

Client: What is so important about an accurate W4?

BKC: It's important. The W4 determines the calculation of taxes withheld from your em-

ployee's paycheck for federal and state income taxes. If you pay your employee claims M6 because they have a wife and 4 children, but they don't own a house or have other tax deductibles, the employee will owe a lot of taxes at year end. More on this next month.



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ACCOUNT-ABLE

Last month we discussed the three types of federal payroll taxes employees must have withheld from their payroll check. This month's issue we want to discuss the state payroll taxes:

- State Income Tax (SIT): this is another one of those taxes we call "lifestyle" tax. SIT calculation is based on your lifestyle, such as married or single, how many children you have, how many homes you own, and other sundry items that the IRS deems tax deductible.
- State Disability Insurance (SDI): This is taxed at 0.8% of the employee's gross wages, with a cap of \$86,698. The maximum withheld per year is \$693.58. The percentage has not changed all that much over the years, but the cap has almost tripled in the last 15 years. This is a tax that if you don't use it, the tax stays in the state "kitty." But then again, the nature of disability isn't really something you want to have to use because it means you are injured and unable to work.

SDI is a tax that is confusing to some employees because they think the employer compensates the employee's time off for such injuries as hurting yourself in a car accident and not able to work for a while. SDI should not be confused with Workers Compensation Insurance (WC). WC is



Account-able continued on back page...

Calendar

Friday, July 4th

Independence Day (enjoy it throughout the month and hang the flag)

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



paid by the employer's WC insurance carrier for injuries to the employee *while on* the job; in other words, work related injuries. This might include a carpenter cutting his hand severely while working on the job, or an office worker who carried too heavy of a box at work and pulled her back out. These are work related injuries and thus the employer is responsible for the treatment of the injuries through WC insurance. You can see why the laws requires businesses to have WC insurance on their employees.



Meanwhile, there is SDI. This tax, as we mentioned earlier, is deducted from the employee's paycheck each pay period and saved under the employees' social security number with the EDD. If the employee gets injured away from work related duties, such as a car accident on the way to the grocery store, and unable to return to work, the employee can collect disability. This in essence means they are collecting from money they already set aside for themselves through the SDI withholding in their paycheck. The real question is, what if an employee is on disability long past what he or she had taken out of their own paycheck? The burden falls on the government, and in other words, the labor force that is still working and paying into the disability insurance "kitty."

We will continue this discussion next month.



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Katch the Day

It's here, it's here, it's finally here! Can you tell we are excited that the Orange County Fair is back again? This year's theme is "Say Cheese." The Fair is always at the OC Fair Grounds in Costa Mesa. It opened July 11th and goes through August 3rd; dark on Mondays. Tues-Fri noon to midnight, Sat-Sun 10am to midnight.

Some might say, "What's the big deal? It comes every year." Let us encourage you to try the fair from a different angle: Don't spend the whole day there, just skimming the top. Go for a few hours on one day, and then again another day, and then maybe one more time for a special event such as the Rodeo on August 3rd.

If you visit two or three times in shorter periods, like 4 hours, the fair is not so overwhelming and you can delve into the details of the Fair.

We like the quiet time we spend walking through the Fine Arts building looking at all the pictures by local artists. We enjoy debating whether the awarded pictures deserved such honor. Or what about the Table Setting contest? In the Home Arts and Crafts building they have small tables decorated by local residents who have mastered the art of table setting. You would be surprised to know that the desert utensil is placed above the main plate, and the handle faces the right side. (We learned that at the Fair!).

Let us not forget that every year in this urban sprawl, we are brought up close and personal with the animals in centennial farm, the petty zoo, and even the pig races.

And lastly, but never least-ly (it's Fair talk), the food is fabulous. All that open air cooking, spices, and fresh summer ingredients just fill the air with enticing aromas.

KATCH THE FAIR DAY, AND LEAVE THE BUSINESS-KEEPING TO US!

Important Websites:

www.irs.gov

www.edd.ca.gov

www.boe.ca.gov

www.ftc.gov

www.katchtheday.com

www.business-keepers.com

www.ocfair.com

**Independence is a
year around
celebration.**

