

Mar"key"t place

Last month, we started a new series on the hidden customers—your customer's vendors. There are many transactions that require multiple vendors. You all have something in common—the same customer.

Half your prospective battle is won because you have your customer's vendor's attention; you are already performing your service or selling your product in their presence. Here are some suggestions for turning your customer's vendors into your own customers:



- Always treat vendors as if they were already your customer. An easy example would be if you were a carpenter building cabinets for a customer's home. An electrician is also working on the home. Treat the electrician as if he were a customer. Answer his questions, be courteous to his electrical needs, and make sure you are fair in your dealings with him. Rest assured if and when he needs your services, he will hire you.

- Don't step on other vendors' toes. When you are one of many vendors, make sure your services/products stay within your scope of work, and allow the other vendors to do their jobs. Don't "hog the show."

Continued next month.

Quote

The Good shepherd lays down his life for the sheep. The hired hand is not the shepherd who owns the sheep. So when he sees the wolf coming, he abandons the sheep and runs away.

Q&A

Client: What is so important about an accurate W4? (continued)

BKC: Be sure your employees understand how to calculate their proper withholding status. If

they have *no* deductions (mortgage interest, RV, retirement plan, etc) other than married with a couple of children, then it's best to claim M1. This will take out the most taxes pay period by pay period and the employee won't owe a lot of taxes at year end.



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ACCOUNT-ABLE

So far in our payroll discuss, we have been talking about payroll taxes that are withheld from the employees check every pay period. Now let's talk about the payroll tax that the employer has to pay over and above what the employer pays to the employees. There are five employer taxes that we will outline for you: Social Security, Medicare, Federal Unemployment Insurance, State Unemployment Insurance, and Employment Training Tax (ETT). We will discuss these taxes in that order:

- Social Security tax (SS). Some are probably wondering, "I thought this tax was withheld from the employee." It is. However, the government requires the employer to match this withholding tax dollar for dollar. This is so your employees will have more SS tax to live off of when they retire (half from themselves, and half from their employers).



So let's do the math: As stated in our June newsletter, the SS tax is 6.2% of the employees gross (up to \$102,800). Let's say the employee makes \$102,800. They pay \$6,373.60 and the employer pays \$6,373.60 as well. Really, it turns out that if you are paying your employee \$102,800, you have to add the \$6,373.60 in matching SS tax to their salary on your books to truly capture the employees wages. But wait, there are more taxes to come.

Account-able continued on back page...

Calendar

Enjoy Summer while it lasts
Start making Back to School plans

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



- Medicare Tax (MT): This is the same type of employer tax. You are matching the employees withheld Medicare tax. As stated in our June newsletter, that tax is 1.45% of the employee's gross and there is no threshold. So if your employee made \$102,800 for the year, you have to withhold \$1,490.60 from their paycheck for Medicare, plus you have to match the \$1,490.60. Now that \$102,800 salary has ballooned to \$110,664.20 (adding \$6,373.60 to match SS and \$1,490.60 to match Medicare). In other words, if you are considering a starting wage to an employee, you must factor in 7.65% more for matching SS and Medicare taxes.



But employer taxes don't stop there. The government has three more taxes in which to encumber the employer:

- Federal Unemployment tax: This was designed to relieve the employee if he/she was laid off from your company. This tax goes into a "kitty" under your company's federal ID number and earmarked only for unemployment claims (if any). If you don't have any claims, the IRS gets to keep the money.

We will continue this discussion next month.



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PAPERLESS NEWSLETTER: Sent via email. Please feel free to read and pass on this newsletter to any of your associates and friends. As always, we welcome questions and comments to rhonda@business-keepers.com. You may also find this newsletter link on our website at www.business-keepers.com.

Katch the Day

We know everyone is still in the throws of summer, but we want to plant a Katch the Day seed now to start making your Christmas/New Years break plans now.

With kids out 2-3 weeks over this holiday period, there are a lot of places families can go, if given enough forethought. Here are some suggestions:

- Yosemite National Park: We know we shamelessly plug this world famous park during the summer, but have you seen it in the winter? It is truly a wonderland to explore. Check out our January 2008 newsletter for info on this Park



(view past newsletters at business-keepers.com and katchtheday.com archives)

- Joshua National Park: It's almost too hot to go in the summer and makes for a perfect winter getaway. You can take an RV with your family and make a week of it (there is dumping, but no hook ups)
- Palm Springs: This town hops in the winter. There are many things to do: check out the zoo, hop the tram and go up to the top of the mountain for lunch/dinner, horseback ride, and of course, shop
- Skiing in Big Bear or Mammoth: Winter is the prime season for these quant towns. You have to book now to get the room(s) you want.
- Cruises: There are many cruise lines offering holiday specials but you have to book these now to get in on the specials.

KATCH THE WINTER PLANNING 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.nps.gov/yose.com

www.nps.gov/jotr

www.palms-springs.com

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