



2900 Westchester Avenue, Suite 201

Purchase, NY 10577

1 (800) 879-6605 | Fax: 1 (914) 696-7505 | dsatax.com

CLIENT MANUAL

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INTRODUCTION

DSA Tax & Bookkeeping has been designed to save you money and be easy to use. Just follow these five simple steps:

- ❑ Put an hour aside each month to complete the **DSA Monthly Report** using your Business Checking Account Statement and DSA materials
- ❑ Review your **Profit & Loss Statement** and open a **business savings account**
- ❑ Your Tax Specialist will also determine and advise you of **quarterly tax payments** - make sure these payments are ***paid promptly***
- ❑ Send DSA updates regarding your business using **Major Change Forms**
- ❑ Lastly, we will prepare your annual **personal and business tax returns**. Make sure the **DSA Tax Organizers** and related documents are submitted by the due dates

***If you have any questions, please call customer service or
your DSA Tax Specialist at 1 (800) 879-6605***

MONTHLY REPORTING

Nothing is more important when it comes to saving money than keeping good up-to-date records. Every month you should put aside some time to review your monthly expenses, making sure to record every transaction, no matter how small. Log in at **dsatax.com** to print blank **Monthly Reports** and submit by mail, fax, or e-mail. You can also submit them online by logging in at **dsatax.com**

"Submit your Monthly Report to your Tax Specialist every month!"

*We will discuss Preparing the Monthly Report on **pages 8-12** of this manual.*

PROFIT & LOSS STATEMENT

After you submit your **Monthly Report**, your Tax Specialist will process your monthly entries, including any records we have on file pertaining to route territory, route loans or other business assets. In return, you would receive a **Profit & Loss Statement** for the month and year-to-date.

"Review your statement each month to monitor your business health"

The Profit & Loss statement totals your Gross Taxable Income and lists all of your deductions (expenses) to arrive at your Net Taxable Income. This Net Income (Business Income) is not the amount you actually "put in your pocket".

*We will discuss "Salary" and related taxes on **pages 3-4** of this manual.*

BUSINESS BANK ACCOUNTS

If you have not yet opened a **business checking account**, we urge you to do so immediately. **If you are incorporated**, the bank will need your Federal EIN (Employer Identification Number) to open an account. To avoid confusion and protect your business, it is critical that you separate your business from your personal finances.

"Use your business account for business related transactions only!"

If you have not yet opened a **business savings account**, now is the time! This can help you be prepared for expenses that occur infrequently and often unpredictably.

For example, prepare for quarterly estimated and payroll tax payments, vacation relief, and major vehicle repairs. Your Tax Specialist can help you budget for these expenses, helping you save helping you save money to be better prepared for any predicted or unpredicted expense!

"An average total transfer to savings would be about \$250 a week."

PAYING YOURSELF A "SALARY"

One difficult aspect of being in business for yourself is how much "**salary**" you should withdraw from the business. It is extremely important to the health of your new business (and to the planning of your personal budget) that you determine a conservative amount. Be sure to establish a **healthy savings account first**, then see if the business is making sufficient income to allow for more.

"If you are converting from an employee status to an owner-operator, we recommend setting your weekly pay at the same level as your take-home pay when you were an employee."

Remain at this level for about six months, allowing you to gain experience with your business until you are confident that there is enough income available to permit you to take a "raise".

"This does not mean you will receive a payroll check from your business or do anything other than make usual transfers (or withdrawals) from your business account to your personal account."

If you are incorporated, DSA will help you determine your **payroll** and related taxes. Your Account Specialist will prepare and send quarterly payroll tax forms with filing instructions. We will book your withdrawals appropriately, so that a reasonable salary is reported and in turn you pay payroll taxes related to this salary. The business will receive a payroll expense deduction, lowering your net taxable income (business income).

"Remember, payroll taxes are mandatory if you are incorporated!"

QUARTERLY TAXES

PAYROLL TAX PAYMENTS

Due Dates:	April 30th	July 31st	October 31st	January 31st
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If you are incorporated, each quarter you will file wage returns and pay **payroll taxes**. The Federal Wage Return is known as Form 941, while each state agency has a different form number. Your DSA Tax Specialist will prepare and send these forms to you with special instruction - **you just sign where indicated, pay the amounts due and submit accordingly.**

"Remember, payroll taxes are mandatory if you are incorporated!"

States may also have different filing requirements, which may require; online filing, electronic payment and filing on a monthly basis. There may be state withholding tax, unemployment tax and/or other additional taxes - paid to different agencies.

"Assuming \$20,000 is a proper and reasonable annual salary for your industry, you would have a quarterly salary of \$5,000. You would pay about \$1,500 quarterly for both Federal and state taxes. We would recommend saving about \$115 per week."

Wages and the associated payroll taxes may fluctuate due to your business income and federal and state tax rates. It is very important that you always stay up-to-date!

ESTIMATED INCOME TAX PAYMENTS

Due Dates:	April 15th	June 15th	September 15th	January 15th
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Because you own a business, you will have to pay **estimated tax payments** to the IRS and state, *if applicable*. These payments are made using Federal voucher **1040-ES** and each state has its own voucher. When paid, they are included on your Personal Tax Return.

"Your Tax Specialist will strongly recommend and create these Estimated Tax Payment vouchers for you. Paying these estimates will help alleviate an unexpected year-end financial burden and help avoid interest and/or tax penalties."

For **sole proprietors**, all of your income is subject to both self-employment and income tax. DSA will prepare quarterly estimated tax payment vouchers, based off of your projected income.

For **corporations**, only your remaining Net Income (after salary and expenses) is subject to income tax, not self-employment tax. We will prepare quarterly estimated tax payment vouchers, based on your projected Net Income. This Business Income will be reported on your personal return as **K-1 Shareholder Income**. Whether you decide to take this money or leave it in the business, you will be taxed on your Net Income.

MAJOR CHANGES

If you move or any contact information changes it is critical that you update your profile at **dsatax.com** or call DSA at **1 (800) 879-6605**. You should also contact DSA of major changes in your personal life; relating to your spouse, other income, other businesses, life changes or other personal matters.

If you are a Sole Proprietor, make sure to include the new dimensions of your new home office on the bottom section of the **Home Office Expense Record for Sole Proprietors**

"Always make sure to update your profile on dsatax.com "

MAJOR CHANGE FORMS

"This form should be submitted to DSA within 10 business days of the change. Please attach a copies of your Closing Statement or your Bill of Sale, if applicable."

MAJOR CHANGE FORM - ROUTES & ASSETS

This form is necessary to report the **purchase or sale of route territory** or the purchase or sale of a **business asset** (truck, trailer or other equipment.) With this information, we can keep track of; payments, calculate interest deductions and determine amortization and depreciation deductions. In the case of sold assets, a capital gain (or loss) would have to be reported.

CAPITAL GAINS

A **capital gain** is a profit that results from the sale of a business asset. The asset could be a vehicle, equipment, or even an intangible asset (your route territory). Capital Gains are usually determined by taking the difference between the sales price and the original purchase price. In most cases, depreciation must be recaptured due to the sale of the business asset. In the instance of route territory, amortization is recaptured.

"There are two important things to remember: stay up-to-date with your Monthly Reports and send in copies of Closing Statements and/or submit the Major Change Form - Routes & Assets!"

- **Your Monthly Reports must be up-to-date!**

Both your business income and capital gain figure will affect your Personal Tax Return. It is vital that your **Monthly Reports** are up-to-date, so that your DSA Tax Specialist will be able to calculate a more accurate recommended estimated tax payment.

- **You must submit copies of your Closing Statements to DSA!**

In order to calculate a Capital Gains figure, we must have copies of your Closing Statements and/or a submitted **Major Change Form - Routes & Assets**. Please also make sure that we have copies of original route purchases, any other route changes and a copy of the sale of your route.

Speak to your Tax Specialist if you receive proceeds from the sale of any route territory.

YEAR END

TAX SEASON

In preparation for tax season, by mid-January we will send out the **DSA Tax Organizers** which are mandatory to prepare your taxes. ***If you are incorporated and have paid payroll taxes***, you will receive a **W-2** from your corporation, which will report wages earned from the business and the associated taxes paid. Also review other year-end items, like preparing forms for your part-time help.

"Remember to call DSA to request blank W-2's or 1099's for your Part Time Help"

We will discuss Part Time Help on [page 7](#) of this manual.

Nearing the end of January, please make sure of the following:

- ✓ File forms W-2 and 1099-MISC by their associated due dates.
- ✓ Completed **DSA Tax Organizers** and related documents need to be submitted by the due dates listed on the cover letter of the organizers.
- ✓ All of your **Monthly Reports** need to be up-to-date.
- ✓ Make sure you have informed DSA of changes using **Major Change Forms**
- ✓ Send **extension requests** to DSA *if needed*, but remember extensions only extend the due date for your returns, **not the payment** that may be due by the tax deadline. Interest and penalties will accrue for any unpaid tax due balances.

"Submit the DSA Tax Organizers and related documents to DSA by the due dates to avoid delays in the preparation of your returns. Late paperwork may cause DSA to file extensions for both business and personal tax returns."

After your tax return(s) have been prepared, they will be sent to you with copies for your records, which should be kept indefinitely. Depending upon e-file mandates, your taxes will be electronically filed once we receive your signed authorization forms. If they are to be mailed to a specific government agency, mailing instructions will be included. Payment vouchers will also be attached, if applicable.

ANNUAL REPORTS

If you are incorporated, your state may require the filing of an **annual report**. It confirms details and descriptions of the business, while listing the company's directors and executive officers. Keep in mind, **payments** may also be due at the time of filing.

"Always ask DSA about state notices you receive asking for payments!"

Your Tax Specialist will advise you whether notices you receive are from an official agency. They will also guide you with annual report filing requirements, but make sure you are always aware of upcoming due dates. Together we will keep your business in **good standing!**

PART TIME HELP & ADDITIONAL EMPLOYEES

As a safeguard, always have a signed contract between you and your part time helpers. This will help clarify that they are a part time helper and not an employee. Just follow these important guidelines:

- ✓ *Always pay helpers by check to keep a paper trail and keep record of payments*
- ✓ *Be sure to obtain your contractor's Social Security Number and address*
- ✓ *If you pay an individual more than \$600 a year, make sure to file and provide your contractor with the correct tax form (usually a 1099) at year-end*
- ✓ *Always keep the signed copy of your contract for your records, provide a copy to your contractor and send a copy to your DSA Tax Specialist*

"You should consult an attorney to review any contract to be sure it accurately fits your circumstances. Any contract you use should be signed by you and your merchandiser/contractor."

MERCHANDISER CONTRACT AGREEMENT

If you have a merchandiser, who works *independently* and merely maintains your customer's shelves and is not under your direct supervision, you can treat him or her as an independent contractor and not as an employee. **It is critically important that this person agrees and understands that they are not an employee.**

You can find a [Sample Merchandiser Contract Agreement](#) on our website.

SERVICE CONTRACT

If you have someone, whether long-term or short, who is typically operating a vehicle and servicing your customers *independently* of you and their responsibility is to fulfill customer requirements, not yours. **This individual can be treated as an independent contractor.**

You can find a [Sample Service Contract](#) on our website.

ADDITIONAL EMPLOYEES

If you have **additional employees** (or someone you are agreeing to treat as a employee), you will have to pay payroll taxes for these individuals.

"DSA only handles payroll for the owner of the business. We do not offer a payroll service for additional employees. Additional employee wages will need to be reported to your Tax Specialist so they can be included on your tax return."

Speak to your Tax Specialist for further information.

MONTHLY REPORT PREPARATION

The **Monthly Report** is simply a summary of your income and expenses during the month, organized to allow professional tax planning and reporting by your DSA Tax Specialist.

"Remember, nothing is more important when it comes to saving money than keeping good up-to-date records."

Every month after receiving your monthly Bank Statement, you should put some time aside to work on your **Monthly Reporting** - just gather the following:

- ✓ A blank **Monthly Report**
Blank Monthly Reports can be printed by logging in at dsatax.com. You can also view the example provided on the DSA website. For help logging in, email info@dsatax.com
 - ✓ Your monthly **Bank Statement**
 - ✓ Your **DSA MiniBook**
 - ✓ A **calculator**
 - ✓ A **phone** in case you need to call **DSA at 1 (800) 879-6605**
 - ✓ Your **Weekly Settlement Statements** for the month *(4 or 5 weeks)*
 - ✓ **Credit Card Statement** *(Business related)*
 - ✓ A blank **Home Office Expense Record for Sole Proprietors**
- } *if applicable*

Let's get started preparing the Monthly Report!

CHECKING ACCOUNT STATEMENT INFORMATION

- 1 • Bank Charges (fees)**
- 2a • Deposits and Cash Received**
 - *Include: Cash received on your route, if the cash received was **not** deposited into your business bank account.*
 - *Do not include: Deposits into your Business from your Personal or Business Savings*
 - *Do not include: Sale Proceeds from the Sale of Route Territory or Other Assets*
- 2b • Proceeds from Sale of Route or Other Asset**

"Remember to send DSA a copy of your Closing Statement or a Major Change Form - Routes & Assets"
- 3 • Transfers into Business Account from Personal or Business Savings**
- 4 • Ending Balance**

DSA MINIBOOK & HOME OFFICE

5 • Miles from Personal Vehicle Mileage Log

Any business use of your personal vehicle by anyone working in the business is a legitimate tax deduction, just by keeping record in your **DSA MiniBook**

- *Include: Pull-ups or any business related customer visits*
- *Include: Trips to purchase product from your depot/supplier*

There is a line in this section of your **DSA MiniBook** to record the number of days you have worked during the month (**trips to depot**) and the **round trip miles** from your home to your depot. *This will calculate your round trip mileage total.*

"Don't forget to add the subtotal and the round trip mileage total to give you the total for the month."

At the end of each month, simply total the **personal vehicle miles** for that month and record that figure on your **Monthly Report, Line 6**.

6 • Business Related Meals Log

Each time you purchase a meal and in the course of that meal discuss business with a current or potential customer; you can likely record this as a business expense in your **DSA MiniBook**. *Entertainment is no longer included as a deduction.*

"You must keep receipts for expenses over \$75.00 and you should maintain your DSA MiniBook entries on a day-to-day basis. Do not try to recreate the expenses at month or year end."

At the end of each month, simply total the **meals** for that month and record that figure on your **Monthly Report, Line 7**.

7 • Home Office Expenses (Sole Proprietors Only)

If you are a Sole Proprietor, you can benefit from the **Home Office Deduction**.

Once a month, when you are completing the **Monthly Report**, list all of your home expenses on the **Home Office Expense Record for Sole Proprietors**.

Please see the example provided on the DSA website.

At the end of each month, simply total the **home office expenses** for that month and record that figure on your **Monthly Report, Line 8**.

*If you move, be sure to update your profile on dsatax.com and complete the bottom section of the **Home Office Expense Record for Sole Proprietors***

WEEKLY SETTLEMENT SUMMARY

- 8~18** • Your **Weekly Settlement Statement** will contain charges to your account that you want to make sure you claim as business expenses.

"Make sure you are only reporting these expenses in this settlement section of your Monthly Report - no where else on the report!"

Adjustments related to product purchases and sales (stale or damage allowances, discounts, credits, scan based trading, promos, etc.) do not need to be reported to DSA.

MONTHLY EXPENSES FROM CHECKING ACCOUNT STATEMENT & DSA MINIBOOK

"Remember, to include cash expenses from your DSA MiniBook and business related credit card charges"

- 19** • **Transfers (or withdrawals) to your Personal Account**
- 20** • **Transfers to your Business Savings Account**
- 21** • **Fees & Licenses**
(i.e. business permits, annual fees, DMV, etc...)
- 22** • **Legal & Accounting**
Additional accounting or business related fees *(i.e. payroll services, attorneys, etc...)*
 - ***Do not include: Your DSA Tax & Book fee from your Weekly Settlement Statement.***
- 23** • **Office Supplies & Recommended Work Clothing, etc...**
 - ***Do not include: Supplies listed from your Weekly Settlement Statement.***
 - ***Include: Cash expenses from your DSA MiniBook - refer to [page 12](#) of this manual***
- 24** • **Business Cell Phone**
- 25** • **Payments to Part-Time, Merchandiser or Service Contractor Help**
 - ***Do not include: Payments made for help from your Weekly Settlement Statement.***
 - ***Include: Cash expenses from your DSA MiniBook - refer to [page 12](#) of this manual***
For more information on Contract help turn to [page 7](#) of this manual.

"You should always pay your Part-Time helper by check and make sure to keep a record of the date, payee and amount!"

26 • Payments to Product Suppliers (Bakeries)

These are payments made by check from your business back to the company.

- Do not include: Payments made to company from Weekly Settlement Statement.

27 • Payroll Taxes

Payments made to the IRS or state, **if incorporated.**

For more on Payroll Taxes turn to [page 4](#) of this manual.

28 • Estimated Income Tax Payments

These are recommended estimated income tax payments to the IRS or state, **paid from your Personal Account** (usually not from the business account).

For more on Estimated Tax Payments turn to [page 4](#) of this manual.

29 • Insurance-Health

- Include: Type of insurance and details. Include any dental insurance.

30 • Insurance-Other

- Include: Type of insurance and details. (i.e. business truck insurance, life Insurance)
- Do not include: Insurance payments from your Weekly Settlement Statement.

31 • Lease or Rent payments (Business Related Only)

- Include: Payment details.
- Do not include: Lease/rent payments from your Weekly Settlement Statement.

32 • Loan payments

- Do not include: Loan payments from your Weekly Settlement Statement.

"Remember, if this is a new loan payment, submit a Major Change Form - Routes & Assets "

For more information on Major Change Forms please refer to [page 5](#) of this manual.

33 • Vehicle Repair & Maintenance (Business Vehicle Only)

- Include: Cash expenses from your **DSA MiniBook** - refer to [page 12](#) of this manual

34 • Gas, Oil & Tolls (Business Vehicle Only)

- Include: Cash expenses from your **DSA MiniBook** - refer to [page 12](#) of this manual

35 • Miscellaneous

- Include: Details on your Monthly Report
- Include: Cash expenses from your **DSA MiniBook** - refer to [page 12](#) of this manual

Make sure you included entries from your DSA MiniBook (especially cash expenses) and any business related credit card charges that need to be included on your Monthly Report

CASH EXPENSES FROM YOUR DSA MINIBOOK

The **Cash Expense Log** section of the **DSA MiniBook** is used to record all purchases that are made by cash and not shown on your Business Bank Statement. These cash purchases will need to be included on the appropriate expense line on your **Monthly Report**.

Examples of these cash expenses are;

- Meals *Refer to the Business Related Meals Log*
- Office Supplies
- Part Time Help *We urge you to pay these helpers by check*
- Vehicle Repair/Maintenance
- Vehicle Gas/Oil/Tolls
- Miscellaneous

"You must keep receipts for all cash expenses - no matter the amount!"

Avoid the hassle of dealing with cash expenses, ask your bank for a **Business Checking Account Debit Card** that is linked to your account. This way, each time you incur these expenses, they will appear directly on your bank statement. You can also use a **business related credit card** for these purchases, just make sure you record these expenses on your **DSA Monthly Report**.

You're done! Submit your forms to your DSA Tax Specialist and always make sure to keep a copy of any forms you send to DSA. Keep logs, necessary receipts and statements all together.

