

Paperwork – What Records Do I Really Need and Why?

Presented to



May 5, 2016

Agenda Today

- ✓ Introductions
- ✓ Why Keep Records
- ✓ Who Wants to Know
- ✓ Types of Records to Keep
- ✓ Employee vs Independent Contractor
- ✓ Fair Labor Standards Act

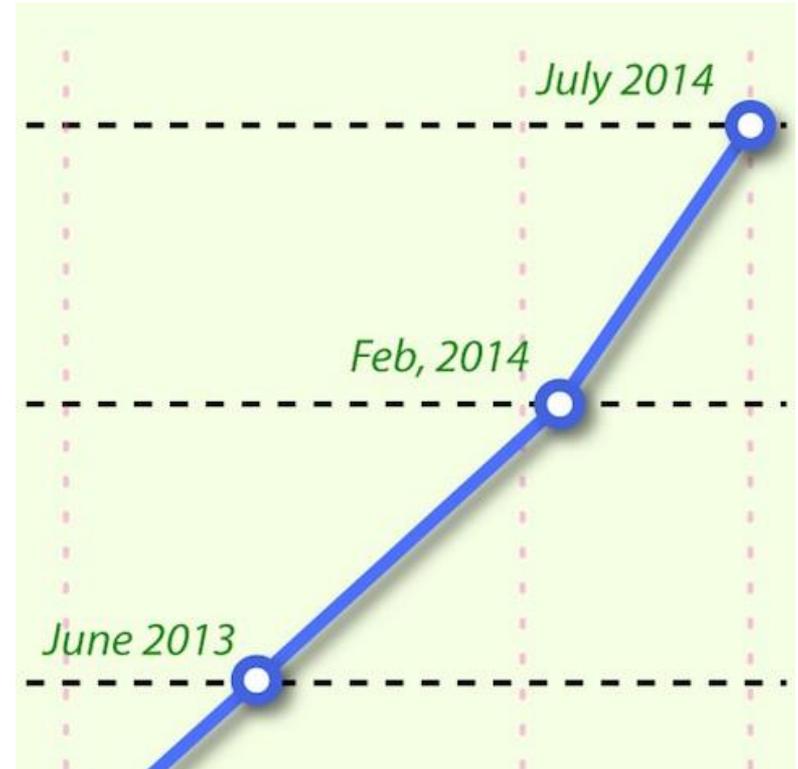


Why Keep Records?



Why Keep Records

- Monitor success
- Identify trends
- Prepare financial data
- Prepare tax returns
- Available for End Users
- Required by State &
Federal Government



Who Wants to Know?



SAGB SPEAKING



Empowering Speakers to the Future

They Could Be...

- You
- Taxing Authorities
- Bankers and Other Lenders
- Employees
- Customers
- Suppliers
- Buyers of Your Business
- Others?



Why Would They Want To Know?

- Is there sufficient cash flow to make loan payments?
- How much is the owner taking out?
- Is the business profitable?
- Is the business meeting industry standards?
- Will there be a job tomorrow?
- What else?

Types of Records

✓ Organizational

✓ Accounting

✓ Employee



✓ Tax

✓ Customer

✓ Vendor

What Kind of Records Do I Need to Keep?

- Adequate Records
- Supporting Documents
- Records of Business Transactions
 - ❖ IRS Pub 583 Starting a Business
 - ❖ IRS Pub 535 Business Expenses

Keeping Adequate Records



- The law does not require special kinds of records
- The business you are in affects the records to keep

Supporting Documents



All transactions generate supporting documents:

- Gross Receipts
- Purchases
- Business Expenses
- Assets

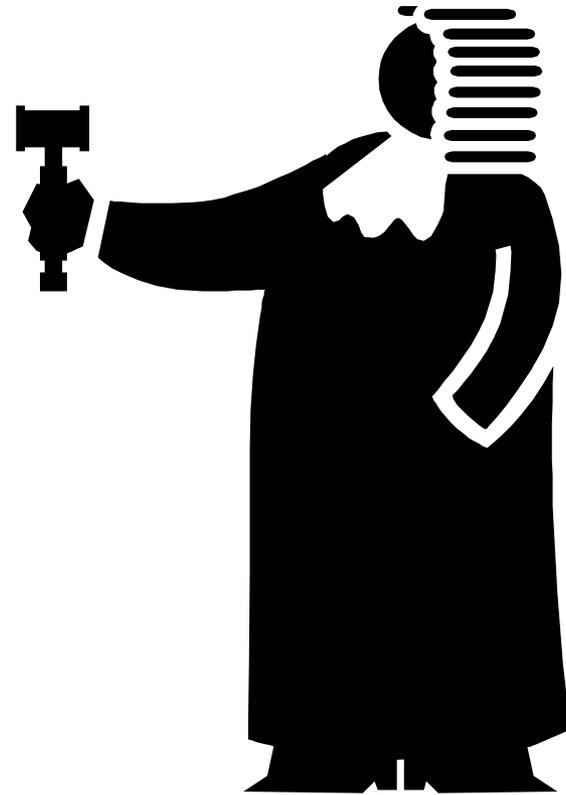
Examples of Supporting Documents

- Itemized receipts
- Paid bills
- Invoices
- Cash register tapes
- Bank deposit slips
- Account statements
- Canceled checks



Employee vs Independent Contractor

Is Determined
by the Law



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Common Law Employee

IRS 3 Categories

1. Behavioral
2. Financial
3. Type of Relationship



Recordkeeping Requirements

Employee

- W-4
- W-2
- I-9
- New Hire Reporting
- Payroll Records
- Job Description
- SS # Verification
www.ssa.gov
Business Services
On-Line tab
www.uscis.gov
e-verify tab

Independent Contractor

The 3 Factor Test

Test A: Control or Direction of the Work

Test B: Outside Service

Test C: Independent Business or Trade

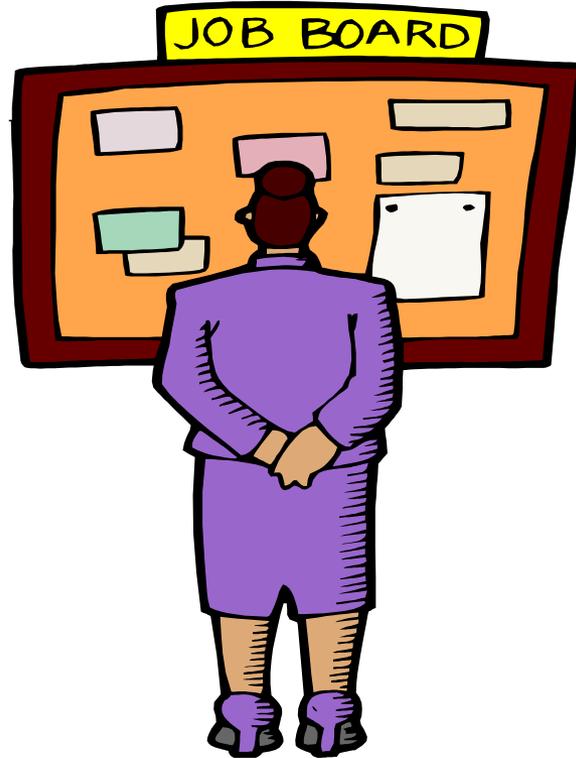


Recordkeeping Requirements

Independent Contractor

- W-9
- *No W-9 = Backup Withholding @ 28%*
- 1099-Misc
- Contract or PO
- Proof of Bona-fide business
- Invoices
- Certificate of Insurance

Fair Labor Standards Act (FLSA)



www.dol.gov

Fair Labor Standards Act

- ✓ Signed into law in 1938 by President Roosevelt
- ✓ Basic framework for the treatment of employees:
 - Minimum wage
 - Equal pay for equal work
 - Child labor standards
 - Recordkeeping
 - Overtime pay

Exempt Or Non-Exempt?



JOB DUTIES

NOT

JOB TITLE

Compare to the FLSA standards

Record Keeping Requirements FLSA

- ✓ All time worked
- ✓ All time off, paid or unpaid
- ✓ Keep records for at least 3 years
- ✓ Keep similar records for exempt and non-exempt



Questions???



Would you like to learn more?

Thank You

For more information

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