

## **WHY I SHOULD BE A SELF-EMPLOYED PERSON**

According to the Internal Revenue Service, in regard to sound financial tax matters in the year 2002 and most likely beyond, there are a great many advantages in being self-employed and in a home-based business such as Mary Kay.

I want to talk about eight areas that I feel will give you great advantages because you are self-employed.

### **1. Time -**

As a self-employed person you can often do your business when you wish to do it, rather than on someone else's set schedule. Often in life, we come up with ideas or thoughts that will enhance our business but they are not between 8:00 and 5:00 or Monday - Friday. This may seem like extra time, but this is often the time that these ideas and thoughts occur. Time is an importance essence.

### **2. When and where we do our business -**

Being self-employed, we can work in the comfort and convenience of our home, when it is convenient for us to do so. There are times - because of distances, children or personal things - that it makes it extremely advantageous to be at home. You can be doing something personal one moment and the next moment doing business. Flexibility is the main ingredient here.

### **3. Travel -**

If one loves to travel, often it is convenient and enjoyable to do business at a distant place. Not only for the degree of dollars that can be made, but also in making the acquaintance of new people and the different aspects they can bring into our life. When I speak of travel, I'm speaking of hotels and motels and the transportation to get there, whether that's airlines, cabs, rental cars, or the like.

### **4. Food and entertainment -**

As we all eat every day, if we are entertaining clientele we then get the deduction for our meal on our Schedule C. Yes, it must be ordinary and necessary, however, it can have personal gratification in enjoying good food and conversation. Most people feel that this is a tremendous advantage, even though we only get to deduct 50% of this expense.

### **5. Depreciation -**

Depreciation is the next area we will discuss. These are basically items that cost more than \$100 and are depreciated over a certain period of time. We should buy depreciable items each and every year. Not only will this keep us current with modern machinery, but it will also please our personal tastes with items that are fun to have. Items such as computer's, TV's, and VCR's - items which can be used in our business but may not be used 100% of the time.

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6. The possibility of **amortization** -

This occurs when you buy an item, for example, a computer that was bought in March, 2002 but you didn't get into your business until July, 2002. Even though the computer was bought prior to your getting into business, it may now be written off. A portion of this machinery would be written off in the years to come. This is a financial advantage.

7. **Office In The Home** -

This is the deduction that gives us credit for running our business out of our home. Basically, it states that we're able to assign a value to the space we utilize for our business. We are able to deduct a percentage of mortgage interest, real estate taxes, insurance on the home, repairs and maintenance, and utilities. All of these factors together can amount to thousands of dollars and the costs were already there, whether you are in a business or not. This office in the home can be a great advantage, even though the rules for obtaining the office in the home deduction may be difficult for some to meet. Becoming successful in a business will enhance the expenses of having this deduction.

8. **Non-economic** -

Last but not least, the non-economic factor, such as the meeting of new people who could enhance not only your business life but maybe your personal life as well. Visiting different parts of the country, meeting and entertaining at sporting events, dining in fine restaurants, and staying at great hotels and motels. All of these aspects have many off-shoots to a more enriching life.

## **SERVICES OFFERED BY TIERNAN & ASSOCIATES**

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Federal, State & Local. We do returns for all states.
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7. Pick up client tax return information in selected cities (during tax season)
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9. Mileage Logs, Mary Kay, Home & Garden Party and Longaberger Tax Videos, and Mary Kay Tax Booklets, Longaberger, Home & Garden, Home Interior and Regular Tax Booklets also available
10. Cost of doing a tax return:

Business Portion Only, Consisting Of:

Schedule C	\$55.00
Form 4562	\$15.00
Form 8829	\$20.00

(Whether you get the deduction for the business use of your home or not, because to qualify you must show a profit. Otherwise, you get to carry forward the value from this form.)

Schedule SE	\$10.00
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(This form is only completed if you show a profit of \$433 or more.)

If you wish to have the entire return done, besides the business portion, each additional form is basically about \$10.00 - \$20.00 per form, depending on complexities.