

**2009
REPRESENTATIVE
BUSINESS RECORDS**

2009 REPRESENTATIVE BUSINESS RECORDS

Use this worksheet to keep track of your business expenses.

CAMPAIGNS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	TOTAL CAMPAIGNS 1 THROUGH 14
DEDUCTIONS															
Demonstration products*															
Brochures															
Samples															
Misc. sales tools/training guides															
Product display supplies															
Basket, tote bags, etc.															
Business card printing															
Postage/shipping fees															
Payments (cash/merchandise to Business Helpers)															
Public transportation (bus, etc.)															
Open house supplies/refreshments															
Accounting and tax preparation fees															
Phone															
Gifts for Customers or charities															
Office supplies															
Sales tax (if included in gross earnings)															
Order-processing charge after credit** (if incl. in gross earnings)															
OTHER EXTRAS															

TAX CREDITS

Child/dependent care	
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ADDITIONAL EARNINGS RECEIVED

Leadership bonuses	
Other	

SALES AND PURCHASE RECORDS

Total from Customer order slips	
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To determine your cost of goods sold to Customers

Your cost for Avon products	
Minus your cost for personal-use or personal-gift items	
Equals your cost of goods sold to Customers	

*The cost of many demonstration products may be claimed as a tax deduction.

**Shipping charges (Alaska, Guam, Hawaii and Caribbean only).

2009 REPRESENTATIVE BUSINESS RECORDS

Use this worksheet to keep track of your business expenses.

CAMPAIGNS	15	16	17	18	19	20	21	22	23	24	25	26	TOTAL CAMPAIGNS 15 THROUGH 26
DEDUCTIONS													
Demonstration products*													
Brochures													
Samples													
Misc. sales tools/training guides													
Product display supplies													
Basket, tote bags, etc.													
Business card printing													
Postage/shipping fees													
Payments (cash/merchandise to Business Helpers)													
Public transportation (bus, etc.)													
Open house supplies/refreshments													
Accounting and tax preparation fees													
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Child/dependent care		
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ADDITIONAL EARNINGS RECEIVED

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SALES AND PURCHASE RECORDS

Total from Customer order slips		
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Questions most often asked by Representatives about Avon and 2009 Taxes

Q. Should I file an income tax return?

A. Since you are self-employed, you must file a federal tax return and pay self-employment tax if you had net earnings (that's after your business expenses have been deducted) of \$400 or more from self-employment during the year. You may also have to file a return for other reasons.

Note: Each individual's circumstances will vary, and you may want to consult your local IRS office or a tax expert. If you plan on consulting a tax expert, be sure to save this page and share it with your tax expert.

Q. If I have to file an income tax return, does that mean I have to pay income tax on my Avon earnings?

A. Generally, yes, but not necessarily. Even though you may be required to file an income tax return, you will not be required to pay income tax unless your income (after all your business deductions) reaches certain minimum levels.

The table below will give you some idea of the amount of income (from both Avon and other sources) you can earn before you will incur any income tax. In most cases, married couples will pay less tax for filing jointly.

For example, in the 2009 tax year, you do not pay income tax:

If you are single And your income after all your business deductions is not more than:

Under 65	\$8,950
Age 65 or over	\$10,300

If you are married And your combined income (filing jointly) deductions are not more than:

Both under 65	\$17,900
One person age 65 or over	\$18,950
Both persons age 65 or over	\$20,000

The amounts are higher if you claim personal exemptions for dependents.

Q. How can I figure out my earnings from my Avon business?

A. Your earnings are the amount you sell to your Customers, minus the amount you paid Avon for the merchandise, minus all your business deductions. You must also include the value of prizes and awards you receive from Avon.

Q. What information does Avon provide for tax-reporting purposes?

A. For many Representatives, Avon is not required to provide any tax information. However, for those Representatives who purchase \$5,000 or more of merchandise for resale in a single year, Avon is required to supply your name, address and Social Security Number to the IRS.

In fact, Avon informs the IRS only that you have \$5,000 or more in purchases from Avon and does not supply a specific dollar amount unless requested by the IRS.

Avon also does not report your earnings, as only you can properly determine them. The amount of merchandise purchased for resale does not include demonstration products, sales tools or other items shown on your invoice as "No-Discount Items." Returned merchandise will not be included in this amount.

In addition, when prizes, awards, recommendations earnings or any other bonuses you receive from Avon total \$600 or more annually, Avon, like any direct-selling company, must by law file an information return (Form 1099) with the IRS and send a copy to you for your records.

Note: Keep in mind that Avon purchases of \$5,000 for resale probably mean Customer sales of \$8,500, depending on your earnings level.

Because you are an independent contractor, Avon does not withhold taxes from your earnings, and tax reporting is solely your responsibility.

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Q. What deductions/credits can I claim?

A. Take a look at the Representative Business Records chart on the other side of this page. It lists the most common campaign-related expenses which you can deduct. In addition to all your campaign-related expenses, you may also be able to deduct the following:

- The amount paid to Avon at the time you became an Avon Representative might be deductible the year in which you were appointed.
- The cost of training courses related to your Avon business.
- The cost of maintaining a part of your home which you use exclusively and regularly for your Avon business might be deductible under some limited conditions. This can include a portion of your utilities.
- The expense of operating your automobile in connection with your Avon business.

• Any other business expenses which you may incur directly in connection with your Avon sales activities. You may also be eligible for a tax credit of up to 35% of the cost of care for children under the age of 13 or for disabled dependents (including a spouse), if you need the care to enable you to work at your Avon business. This is a credit against tax owed, not a deduction, and it reduces your tax dollar-for-dollar by the amount of allowable expenses. Ask your local IRS* office for Publication #503 if you would like more details.

Remember: Keeping good records is the best thing you can do to ensure that you receive the benefit of every tax deduction you have coming to you.

For more information, there are many free publications available from your local IRS office*, including publications which explain general tax information for direct selling.

"It makes no sense at all to cut down on sales and earnings because of the fear of taxes. Your Avon earnings will always come out ahead."

—H. Block of H&R Block, Inc., tax experts
* or visit <http://www.irs.gov>

