

# Bookkeeping Tips

## Are *You* Up to Date? A Self-Quiz for Professional Bookkeepers

Each month, AIPB members, 30,000 professional bookkeepers, receive a quiz like this in *The General Ledger* newsletter ([www.aipb.org/general\\_ledger.html](http://www.aipb.org/general_ledger.html)), the free monthly technical briefing for members.

The quiz below covers briefings we have given our members over the last few months. Are *you* up to date on these developments? Scroll down for the answers

1. Employers can now pay by credit card, business taxes related to Forms \_\_\_\_\_ and \_\_\_\_\_.
2. If there is no valid employee address for an unclaimed paycheck, the funds are returned to the state where the (business operates/employee lives).
3. The *Cohan* rule allows your company to take deductions even without adequate records if it can present sufficient evidence to establish a \_\_\_\_\_ \_\_\_\_\_ for making an estimate of the deductions. [*Cohan v. Commissioner*, 39 F. 2d 540 (2d Cir. 1930)]
4. However, even under the *Cohan* rule you cannot take deductions for §274 expenses, such as \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ expenses for which specific detailed records must be presented.
5. When unsure about whether to classify a worker as an employee or independent contractor (IC), you can request a definitive ruling from the IRS with Form \_\_\_\_\_. Procedures are usually published in the first \_\_\_\_\_ \_\_\_\_\_ of each year.
6. If you are giving money to an employee for health insurance instead of the insurer and want it to be tax free, the payment must be made as a \_\_\_\_\_, you must get a copy of a \_\_\_\_\_ or similar proof that the insurance is being paid for, and the premium must be at least \_\_\_\_\_ per month.
7. Employees can cash out vacation days purchased under a §125 plan before the end of either the \_\_\_\_\_ year or their personal \_\_\_\_\_ year, whichever is earlier.
8. To protect your company when using an outside payroll service, you should require in the contract that your tax deposits be maintained in accounts identified as "\_\_\_\_\_ \_\_\_\_\_" for your business taxes, and should frequently request from the IRS and state tax agencies \_\_\_\_\_ of your \_\_\_\_\_ \_\_\_\_\_.

(continued)

## Answers

1. 940, 941
2. business operates
3. rational basis
4. travel, automobile, computer,
5. SS-8, Rev. Proc. [or Revenue Procedure]
6. reimbursement, receipt, \$50
7. plan, tax
8. trust Funds, transcripts, tax accounts

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BOOKKEEPING TIPS is a free newsletter published by The American Institute of Professional Bookkeepers ([www.aipb.org](http://www.aipb.org)). To subscribe: Send a blank email to [bookkeepingtips-on@aipb.org](mailto:bookkeepingtips-on@aipb.org)

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership