

# **Better Bookkeeping in 15 Minutes 25 Best Bookkeeping Tips of 2023**

**The American Institute of  
Professional Bookkeepers**

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## 1. HOW TO IMPROVE CASH RECORDKEEPING

- Verify each day that receipts recorded in your books agree with bank deposit-slip amounts.
- For nonbusiness income (owners' personal funds, loan proceeds, sale of an asset, etc.), note on the deposit slip where the funds are from.
- When transferring funds among the company's bank accounts, mark the deposit slip "transfer of funds," and keep a record of the account number.
- If you redeposit a bounced check, mark the deposit slip "redeposit" to avoid entering the amount twice.
- Avoid recording just the sum of a deposit—it prolongs the bank rec while you hunt for deposit slips to see what they include.
- When depositing checks of the same amount, clip them together and add a note ("20 @ \$4 = \$80"). Some banks require listing each one, but try it.
- To be sure you don't miss a check, wear a rubber finger: women, size 11-1/2; men, size 12.

## 2. RECORDING CHECKS MADE OUT TO CASH

Anyone can cash checks made out to cash, and IRS agents look for them in audits. To protect your firm:

1. Organize all cash register slips, gas slips and invoices the check will pay for.
2. Print the total amount and staple it to the slips and invoices.
3. Record the check no., amount and date; print out and file it in a folder marked with the check number.

## 3. HANDLING EARLY-PAYMENT DISCOUNTS

To know when to take v. refuse a prompt-payment discount, you must know *the effective annual interest rate* on credit terms. Failure to do so can be costly.

**Example:** On a \$100 sale, credit terms of 2/10 net 30 result in a real cost of \$98:  $\$100 - \$2 (2\% \times \$100) = \$98$  if paid within 10 days. The seller is offering to finance a \$98 sale for an added 20 days (day 10 to day 30) for \$2—i.e., the seller is offering to lend the buyer \$98 for 20 days at 2% interest, which comes to \$2.

For the *effective annual interest rate*, use a 360-day fiscal year (some firms use 365 days): In the example below, n = number of days between the discount date and the date the bill is due if no discount is taken.

$$\frac{\text{Discount amount}}{\text{Discounted price}} \times \frac{360}{n} = \text{effective annual int. rate}$$

$$\frac{\$2}{\$98} \times \frac{360}{20} = 36.7\% \text{ effective annual int. rate}$$

Here are effective annual interest rates for various terms:

<u>Terms</u>	<u>Effective Annual Interest</u>	<u>Terms</u>	<u>Effective Annual Interest</u>
1/10 net 30	18.2%	2/20 net 45	29.4%
1/10 net 45	10.4	2/20 net 60	18.4
1/10 net 60	7.3	2/20 net 90	10.5
1/20 net 45	14.5	3/10 net 30	55.7
1/20 net 60	9.1	3/10 net 45	31.8
1/20 net 90	5.2	3/10 net 60	22.3
2/10 net 30	36.7	3/20 net 45	44.5
2/10 net 45	21.0	3/20 net 60	27.8
2/10 net 60	14.7	3/20 net 90	15.9

**"Small" discounts add up.** For \$1 million in purchases at 2/10 net 30 that are not paid until the 3 day, the interest charges come to \$20,000 ( $2\% \times \$1,000,000$ ).

**Slow payers pay more.** They miss prompt payer deals. Also, vendors charge slow payers more for goods or ship the goods after everyone else's orders.

## 4. BE A SOCIAL SECURITY BENEFITS "EXPERT"

Here's how to answer employee questions. For those born in 1943 through 1954, full retirement (FR) is age 66; in 1955, age 66 years and 2 months, inching up to age 67 for those born in 1960 or later.

<u>Age</u>	<u>Benefits</u>
<b>FR age reached before 2023</b>	Employees born in 1950 or earlier receive full benefits. No limit on earnings, no reduction in benefits for those at FR age.
<b>FR age reached in 2023</b>	Earn up to \$56,250 in 2023, then lose \$1 in benefits for each additional \$3 earned. As of the month of FR age, there is no earnings limit.
<b>FR age reached after 2023</b>	Recipients can earn \$21,240 in 2023 before losing \$1 in benefits for each \$2 earned.
<b>Age 50</b>	Survivor benefits start for disabled spouse.
<b>Age 60</b>	Survivor benefits start for nondisabled spouse.
<b>Age 62</b>	Benefits start for spouse.

**Important:** 40 earned credits (generally 10 years of work) are required for benefits—but because of age requirements, not necessarily maximum benefits. Credits are unrelated to the amount of the benefits.

Credits are unrelated to the benefits amount. SSA bases benefits on average earnings for the best 35 years of work—the 35 years when the worker earned the most—not just the last 10 years.

For your earnings, visit [SS Statement](#), or call 800-772-1213 (for TTY, 800-325-0778), or go to your local SSA office. For details on the earnings test, visit [SS earnings test](#).

## 5. CREATING A CHART OF ACCOUNTS

The chart of accounts is simply a list of all of the account titles a company uses. Generally, there are five categories of accounts, as follows:

1. **Asset accounts.** Record what the company owns.
2. **Liability accounts.** Record what the firm owes, including unpaid monthly bills and unpaid invoices for purchases. These are called liability accounts because the company is liable for the money.
3. **Owners' equity accounts.** Record how much the owners put into and take out of the company.
4. **Revenue accounts.** Record revenues from sales of products and services the company has earned.
5. **Expense accounts.** Record expenses that the company has incurred—that is, the goods and services that the company has used up.

Each account is numbered to make it easy to find. If a company has 250 accounts, it's easier to find account #230 than to hunt for Rent Payable. Each category of accounts has its own range of numbers: asset accounts, 100–199 (or 1,000–1,999), liability accounts 200–299 and so on.

This number is used in the daily journals and general ledger to refer to one—and only one—account. List every account with its assigned number in the Chart of Accounts.

There is no rule for numbering accounts, but most charts of accounts are set up like the example below. You can add accounts to any section at any time. If you no longer use a particular account, do not assign that account's number to another account in the same year or you may end up with an expense, revenue or liability posted to the same account.

CHART OF ACCOUNTS		
<b>Assets</b>	<b>Capital</b>	<b>Expenses</b>
100 Cash	300 Charles Bell, Capital	501 Salary – Supervision
105 Petty Cash	301	502 Salary – Clerical
110 Accounts Receivable	305 Common Stock	503 Commissions
115 Office Supplies	310	505 Indirect Labor
120 Prepaid Rent	315 Profit/(Loss)	510 Rent Expense
125 Equipment	320	515 Stationery and Office
126 Accumulated Depreciation	325 Retained Earnings	516 Postage
130 Automobile	330	520 Depreciation Expense
145 Inventories	335 Drawing	525 Operating Supplies
		530 Motor Vehicle Expense
		540 Heat, Light and Water
		545 Telephone
		560 General Insurance
		565 Group Health Ins.
		570 Repairs and Maint. – Bldg.
		575 Advertising
		580 Dues and Subscriptions
		585 Travel and Entertainment
		599 Unclassified (Sundry, Misc.)
<b>Liabilities</b>	<b>Revenues</b>	
201 Accounts Payable	400 Sales – Widgets	
205 Salaries Payable	401	
210 Note Payable – ABC Bank	402 Sales – PC Boards	
215 Accrued Payroll Taxes	405 Service Charges Imposed	
220 Accrued Insurance	408	
285 Note Payable – Equipment	410 Misc. Income	

## 6. SETTING UP A WORKING TRIAL BALANCE

A trial balance is taken to make certain that the sum of all debit balances in the general ledger (GL) equals the sum of all credit balances. The layout in the example on page 3 is for illustrative purposes.

In the “Trial balance” column, enter each GL account title and/or number. Then post its balance in either the “Debit” column or “Credit” column.

In the “Adjustments” column, enter the amount of the adjustment for the income or expense account in the appropriate column, then total all debits and credits in the Adjustments column to make sure they are equal.

In the “Adjusted Trial Balance” column, enter all GL account balances, regardless of whether an account was adjusted, then total all debits and all credits and make sure the two sums are equal.

To prepare the Income Statement transfer all revenue account balances and expense account balances to the “Income Statement” column (see the top of page 3). Now, total debits will not equal total credits. The difference is either net income (a net credit amount) or net loss (a net debit amount).

The Balance Sheet is prepared by transferring all the asset, liability and owner's equity account balances to a Balance Sheet column—net income to a credit column, a net loss to a debit column. Once again, total debits must equal total credits.

(continued)

# MANUAL WORKING TRIAL BALANCE

for the month ended \_\_\_\_\_

Account titles	Trial balance		Adjustments		Adjusted Trial Balance		Income statement		Balance sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit

## 7. FINDING ERRORS IN THE TRIAL BALANCE

If the trial balance is out of balance, it may be caused by a doubling error, transposition (for example, 78 instead of 87) or slide error.

A **doubling error** occurs in a trial balance when a debit balance is entered in the credit column, or a credit balance in the debit column. Say that Sales has a credit balance of \$6,000 erroneously entered in the debit column on the trial balance. Total credits will be \$6,000 too low *and* total debits \$6,000 too high, for a total error of \$12,000—*double* the \$6,000 entered in the wrong column.

To find a doubling error on a trial balance, divide the difference between total debits and total credits by 2. Then look for an account balance of this amount. In the example above, the difference between total debits and total credits is \$12,000, divided by 2 is \$6,000—the amount of the Sales account balance.

To see if a **transposition** is the problem, take the two totals you are trying to balance and subtract one figure from the other. If the result can be divided evenly by 9, you probably have a transposition. Locate the account balance with the transposed figures.

A **slide** error is one or more zeros added to or deleted from an amount, such as 1,650 written as 16,500 (zero added) or as 165 (zero deleted). Or, 2,036 written as 236 (zero deleted) or as 200,036 (two zeros added). If an account has an *unreasonable* balance, the error may be a slide. For instance, an Asset-Auto balance of \$1,000 is unreasonably low, and Office Supplies Expense balance of \$15,000 is unreasonably high. Both may be slide errors.

## 8. OTHER PLACES TO FIND ERRORS

Even accounts in balance may contain errors that do not affect total debits equaling total credits, such as:

1. An amount not posted to the accounts.
2. Amounts posted to the wrong account; e.g., a debit to Travel Expense instead of Phone Expense.
3. The wrong amount posted—e.g., \$1,000 instead of \$10,000 posted to the accounts.
4. The same transaction recorded twice.

## 9. INTERNAL INCOME STATEMENTS

The internal income statement shows a firm's general position but usually not sufficiently in depth for outsiders such as banks or suppliers. To prepare an internal income statement monthly, quarterly, or other period, follow these 5 simple guidelines:

1. On the top three lines of a 6-column worksheet, enter your company's name, kind of statement (e.g., Internal Income Statement) and time period covered.
2. Title the first section of the statement "Income." If there is more than one kind of income, list each on a separate line and sum for Total Income.
3. Title the second section "Expenses" and start it a few lines below "Total Income." List each expense account and balance, then sum for "Total Expense."
4. To determine net income (or loss), subtract Total Expenses from Total Income.
5. Use a single line above total income and again under total expenses, and a double line under the net income or net loss amount.

Below is an illustration of the correct format.

ABC Company	
Internal Income Statement	
Jan. 1 - March 21, 20XX	
<b>Income</b>	
Sales, widgets	\$ 2,100
Sales, wangles	3,500
Miscellaneous sales	<u>4,500</u>
Total income	\$ 0,100
<b>Expenses</b>	
Rent	\$ 1,500
Telephone	750
Office	275
Payroll	<u>5,000</u>
Total expense	\$ 7,525
Net income (loss)	<u>\$ 2,575</u>

## 10. HOW TO CORRECT W-2 ERRORS

- ☐ **Errors found before filing at the SSA:** On the flawed W-2, Copy A, check the “void” box, send a corrected one to the SSA and send Copies B, C and 2 to the employee. On the W-3 in Box c, do not include voided W-2s.
- ☐ **Errors found after Copy A is filed at the SSA:** Send a W-2c, Copy A, to the SSA and Copies B, C and 2 to the employee (for state W-2s, Copy 1). A W-2c may be filed without penalty after the W-2 due date (Jan. 31, 2023, for 2022 paper W-2s), but immediately if an error or omission is found.
- ☐ **Prior year errors.** Use a W-2c for a prior year FICA-wage or FITW *administrative* error (i.e., wrong FITW)—but not if the FITW *amount* was wrong.
- ☐ **File a W-3c whenever you file a W-2c with the SSA,** even if filing only to correct a name or SSN.
- ☐ **Fill in only boxes related to the W-2 error** (do not fill in all boxes simply because they are there).

The boxes on the W-2c are as follows:

- ☐ **Box a.** Enter the correct employer’s name, address and ZIP code, which must match the same data on the 941, 943 or Schedule H. The IRS will not update a company name or address from a W-2c. To update a company name or address, complete and file Form 8822-B.
- ☐ **Box b.** Enter the federal employer EIN (*not* the owner’s SSN). If incorrect on the W-2, show the incorrect federal EIN originally reported on the W-3c, box h.
- ☐ **Box c.** Enter the W-2 tax year being corrected—e.g., “2021”—and “2” after “W” if missing.
- ☐ **Box d.** Enter the employee’s correct SSN, even if it is correct on the W-2. If incorrect on the W-2, show the in- correct SSN reported in box f and check box e.
- ☐ **Box e.** Check this box if the employee’s name or SSN is being corrected.
- ☐ **Box f.** Enter the employee’s *incorrect* SSN as previously reported and check box e.
- ☐ **Box g.** Enter the incorrect employee name as previously reported and check box e.
- ☐ **Box h.** Enter the correct or corrected employee name. Show the reported *incorrect* name in Box g.
- ☐ **Box i.** Enter the employee’s correct address/ZIP code.
- ☐ **Box 1-20 (Previously Reported).** Show only the incorrect information from the original W-2.
- ☐ **Box 1-20 (Correct Information).** Give correct data only for boxes that were incorrect on the W-2.

## 11. BENEFITS FOR FORMER EMPLOYEES PAID AS INDEPENDENT CONTRACTORS

Former employees who are now ICs with your firm may participate in health, disability and group-term life plans, even be offered stock options, but *not* pension plans.

*A retirement plan offered to ICs may result in the loss of the ICs qualified status and tax advantages.*

**Caution:** Retired employees who return and do the same work they did as employees (e.g., a service rep retires, then returns to work a few hours a week as a service rep) are *employees—not* independent contractors.

## 12. WHEN A NEW W-4 IS REQUIRED

When an employee’s income tax liability will decrease—e.g., the employee marries—the IRS does not require the employee to complete a new W-4 (but you can suggest it if you wish).

But if income tax liability will increase—e.g., a divorce or other change—the employee must give you a new W-4 within 10 days of the date of change.

An employee claiming exempt on a W-4 must submit a new W-4 by Feb. 15 of the following year.

## 13. 4 WAYS TO SAVE ON BUSINESS FORMS

1. If different departments use several forms for the same subject, try a single form that includes separate sections for each department’s input.
2. Many 8½ x 11 forms don’t need an entire page for the information. A condensed 5½ x 8½ form may do as well, saving on printing and paper costs and reducing required storage space.
3. Set up a forms inventory control system to avoid running out of forms and to weed out obsolete forms.
4. Rush printing is expensive, so make copies of the last copy of a form and use the copies until your vendor can refill your forms on your normal print schedule.



## 14. CHARGING EXPENSES BY DEPARTMENT

In the Chart of Accounts, separately number each department's expense accounts—e.g., Dept. A, 7,000-7,999, Dept. B, 8,000-8,999, etc. On the Income Statement, list separately income and expenses for Departments A and B (the company's income or loss will appear in a summary). This helps owners assess each department's profitability and control costs.

## 15. THE RIGHT WAY TO WITHHOLD FOR EMPLOYEE CAR ALLOWANCES

Car allowances/reimbursements that do not require employees both to substantiate the business purpose of the driving and return amounts not used for business driving are 100% taxable as wages, *including the business-related portion*, subject to all withholding and included in wages reported on the W-2 (*not* on a 1099).

## 16. STREAMLINE FILING SYSTEMS IN 6 STEPS

1. Staple letters, replies and related papers together. Remove paper clips; they are bulky and grab papers.
2. Repeat the folder name clearly in the upper corner of the top sheet so it is returned to the same spot.
3. Put the most recent papers in the front of the folder. Most requests are for the latest materials.
4. To remove papers from a file, raise, but do not remove the folder (so that it cannot be misfiled).
5. Keep a *written* record of items removed from a file.
6. Allow 3-4 inches of work space in the drawer to avoid tugging at and damaging the folders.

## 17. HOW TO HANDLE RETURNED CHECKS

Before recording a bounced check as being uncollectible, redeposit it at least twice with a new deposit slip marked "REDEPOSIT," but do not record (it was posted to Cash when deposited). Post returned checks as follows:

Returned Checks [an asset account] or Sales  
Cash

Once the check is deemed uncollectable, deduct the amount and service fees from Returned Checks:

Bad Debt Expense  
Returned Checks (or Sales)

You have now taken the amount as a write-off.

## 18. ORGANIZING COLLECTION CALLS

Having different staffers make collection calls forces the customer to repeatedly explain company policy or problems with the order. Instead:

1. Have the first caller's name or initials on the A/R, customer card or invoice and have that staffer make future calls. Any other staffer who makes the calls will know from the name or initials whom to contact for details.
2. Assign each customer a letter from A-Z. For more than 26 customers, use A1-Z1, A2-Z2, etc. You might handle A-F and give G-L, M-P, etc., to assistants. Because assistants know who handles which letters, calls can go right to the person handling that part of the alphabet.

## 19. TAXING EMPLOYER-PROVIDED MEALS

From 2018-2025, free employer-provided meals given at the workplace *during working hours* for the employer's convenience are 50% deductible and tax-free for employees *if*—given . . .

1. to ensure that employees are present for emergency work (e.g., emergency medical personnel on call); or
2. because operations require a *short lunch period* and there is not enough time to eat elsewhere. One IRS Letter Ruling defines "short lunch period" as under 1 hour; another one cut short for a *valid reason*, such as for an emergency-room worker. Lunches provided to give employees a shorter workday, however, are fully taxable. [LTR 9602001]; or
3. because insufficient nearby eating places do not allow a reasonable amount of time to eat; or
4. to a restaurant/food-service employee who works during the normal meal period.

A company that feeds over half of its employees for its convenience must treat all provided meals as for the company's convenience. **Example:** Today, your firm fed 100 employees: 60 for its convenience and 40 who just happened to be there. *Treat all 100 meals as for the company's convenience.*

Meals that compensate employees for meeting goals or to attract recruits are wages subject to FIT, FITW, FICA, and FUTA. [Reg. §1.119-1(a)(2)(ii)(b)] If meals are only partly subsidized, only the subsidized portion is taxable to the employee.

For 2023, occasional employee holiday parties and picnics are 100% deductible for the company and tax-free for employees.

## 20. 3 WAYS TO PROVE AN EXPENSE WHEN CANCELED CHECKS ARE LOST

The IRS accepts as proof a canceled check—or:

1. an account statement that shows the check cleared *and* . . .
  - ☐ check number
  - ☐ amount
  - ☐ payee's name
  - ☐ date the amount was posted to the account by the financial institution.
2. an account statement showing an EFT *and* . . .
  - ☐ amount transferred
  - ☐ payee's name
  - ☐ date the transfer was posted to the account by the financial institution.
3. an account statement showing a credit-card charge *and* . . .
  - ☐ amount charged
  - ☐ payee's name
  - ☐ date charged (transaction date)

## 21. DEFINING “WORKWEEK” FOR OVERTIME

A workweek is defined under federal law as 168 consecutive hours (7 days x 24 hours). It can start at any time, on any day—e.g. 12 p.m. Tuesday to 11:59 a.m. the following Tuesday. Thus, your company can determine its own workweek, such as 10 hours a day, 4 days a week—and can have different workweeks for different employees.

Overtime pay is not required until after the first 40 hours of work.

**Exceptions:** Law enforcement and firefighters.

The 168-hour workweek cannot be changed to avoid overtime pay.

If a flexible schedule requires working more than 8 hours in a 24-hour period, talk to your state labor department.

For example, California and other states require some employers to pay overtime when an employee works for more than 8 hours in a day.

## 22. HOURS NOT TO INCLUDE IN OVERTIME

Under federal law, to determine overtime pay for total hours worked over 40 in a workweek, you do not have to include paid nonwork hours such as paid vacation, holidays, sick days and jury duty.

**Example:** If Jo works 49 hours in a workweek that includes 8 hours paid vacation, she must be paid 1 hour of overtime. To compute:

$$\begin{array}{r} 49 \text{ hours worked} \\ - \quad 8 \text{ hours paid vacation} \\ \hline 41 \text{ hours worked} \\ - \quad 40 \text{ hour workweek} \\ \hline 1 \text{ hour of overtime} \end{array}$$

*Check state laws for special requirements and include paid vacation and holidays in worker's comp reports. (Ask your insurance carrier for details on your state's laws.)*

## 23. PAYING EMPLOYEES DIFFERENT RATES

With very few exceptions, the overtime rate is based on the *average regular rate of pay* for the workweek, not on any one hourly rate. To find the average regular rate of pay, total the compensation for the week and divide by total hours worked. Compute overtime pay based on this rate.

If an employee is paid both hourly and piece rates, federal law requires you to total employee pay for the workweek and divide it by hours worked in the workweek to yield the average hourly rate for overtime purposes.

**Example:** Jo is paid \$8 an hour plus piecework. She works 45 hours one workweek and is paid the minimum wage plus \$200 for piecework. To compute her pay for the workweek:

1.  $\$8.00 \times 45 \text{ hours} = \$360$
2.  $\$360 + \$200 \text{ (piecework)} = \$560$
3.  $\$560 / 45 \text{ hours} = \$12.44 \text{ regular hourly pay rate}$
4.  $\$12.44 \times 50\% = \$6.22 \text{ premium above regular rate}$
5.  $\$6.22 \text{ premium} \times 5 \text{ hours' overtime} = \$31.10 \text{ premium pay}$
6.  $\$560 \text{ regular pay} + \$31.10 \text{ premium pay} = \$591.10 \text{ total pay for the workweek}$

## 24. TIME OFF IN LIEU OF OVERTIME PAY

You may give employees time off in lieu of overtime—if the time off is in the same workweek. Only government and municipal employees may be given 1.5 hours of paid time off in lieu of overtime pay.

## Special Section: Overtime Pay

### 25. WHO MUST BE PAID OVERTIME

Entities covered by federal law must pay 1.5 x the regular rate (\$7.25) for all hours *actually worked* over 40 in the workweek (with exceptions for health care employers). Employees cannot waive or sign away their right to overtime pay. A significant portion of workers exempt from overtime, indicates misclassification. Also, check state laws.

The four categories exempt from federal minimum wage and overtime laws are as follows:

1. executive personnel;
2. administrative personnel;
3. professional or learned professional personnel; and
4. outside salespersons.

Exempt status is *not* related to job title (supervisor, manager, etc.), college degree or advanced training. An engineer whose primary work is stenography is not exempt because the “job duties” test is not satisfied.

In Categories 1-3 above, employees who earn \$107,432 or more a year are exempt from overtime pay if they:

1. are paid a weekly salary of at least \$684 (\$380 in American Samoa);
2. perform office or nonmanual work; and
3. have at least one duty from any of the exempt categories. [\$461] (Note: An increase in these dollar limits by the Obama Administration is on hold pending a federal court ruling.)

Highly compensated employees performing office or nonmanual work and paid total annual compensation of at least \$107,432 (this must include at least \$684 a week in salary or fees) are exempt if they customarily and regularly perform at least one duty identified as exempt executive, administrative or professional in the standard tests for exemption.

**Executive employees** are exempt if:

1. their chief responsibility or primary duty is managing an enterprise or its department or subdivision;
2. they customarily and regularly direct the work of at least two or more employees; and
3. they can hire or fire, or whose recommendations on whether to hire or fire significantly influence the final decision.

**Administrative employees** are exempt from overtime pay if their chief responsibilities or primary duties include:

1. office or nonmanual work directly related to management policies or the firm’s or customers’ general business operations; **or**
2. administration of a school system establishment or institution, or work directly related to teaching or training in a department or subdivision; **and**
3. the authority to make decisions in significant matters, free from immediate supervision.

**Also exempt:** Confidential and administrative and executive secretaries and assistants to the general manager, if given authority on significant matters; purchasing agents; claims adjusters; financial services employees and HR managers.

**Professional and learned professional** employees are exempt only if their primary duty involves:

1. work requiring advanced knowledge; **and**
2. having advanced knowledge in a field of science or learning customarily acquired in a prolonged course of specialized intellectual instruction.

**Examples include:**

- ☐ registered or certified medical technologist;
- ☐ licensed practical nurses (LPNs);
- ☐ physician assistants and dental hygienists;
- ☐ accountants;
- ☐ chefs, such as executive chefs and sous chefs, who have a 4-year specialized degree from a culinary arts program;
- ☐ paralegals with advanced specialized degrees in other fields who apply that advanced knowledge in their job;
- ☐ teachers and athletic trainers; and
- ☐ licensed funeral directors and embalmers.

**Creative professionals.** Work must require “invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor.” Each exemption must be made on a case-by-case basis.

**Examples:** Employees whose primary duties involve:

*continued*



- ☐ music;
- ☐ writing;
- ☐ graphic arts; or
- ☐ original and creative artistic work.

**Outside salespersons** who customarily and regularly work away from the employer's premises getting sales orders or service contracts are exempt—and those on premises only when in conjunction with outside sales (e.g., phoning clients/prospects for appointments). No salary test is required for exempt outside salespersons paid strictly on commission.

**Computer professionals** earning at least \$27.63/hr. are exempt—trainees and entry-level workers are not—regardless of education, if proficient in the theory *and* application of highly specialized knowledge in computer systems analysis, programming and software engineering and whose primary duties include:

- ☐ applying techniques and procedures or consulting on hardware, software or functional specs; or design, documentation, testing, creating or modifying computer programs for machine operating systems; or
- ☐ a combination of the above requiring the same skill level.

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