



The Monthly Work in Progress Report

for Electrical, Plumbing and/or HVAC Businesses

Smoothing out the ebbs and flows of Taxes



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Introduction

Most contractors don't like surprises. Especially when it comes to paying business taxes.

Paying too much tax can leave the contractor with less money to run the daily operations, e.g., paying vendor invoices on time, taking on additional projects, etc.

Pay too little tax, and the contractor can get hit with a large tax bill.

Did you know that a simple *Work in Progress adjustment* is all that's needed to ease the accounting ebbs and flows of a contractor's business?

This White Paper shows the steps you can take using the Work in Progress Report to smooth out your monthly/quarterly/yearly tax burden.

I hope you and your accountant find this information helpful.

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Solution

The Work in Progress Report shows the **Period** change that occurred during the selected **Date Range**.

Work In Progress Report by Date - All Jobs						04/25/2023 Page: 1							
for Job Detail Date Range of: 04/01/2023 - 04/25/2023													
JT	JobNum	JobDate	Customer	Job Description	Job Location								
190209		03/23/2023	ABC BUILDERS	NEW PLANT	123 MAIN STREET								
						Material	Labor	Hours	Direct	TotBud	Billings	Bill %	Comp %
Budget:						125000.00	110000.00	1000.00	3500.00	238500.00	300000.00	.0000	.2515
TotJob:						56000.00	3991.40	75.00	.00	59991.40	.00		
Period:						50000.00	3991.40	75.00	.00	53991.40	.00		

Two key findings occurred during the date range: A large material purchase was made, and no billing took place. As a result, the general ledger is now skewed, showing *less profit*.

Additional jobs with similar ratios only exacerbate the problem – creating a greater loss in the general ledger.

When future billings take place, the general ledger is skewed the other way causing vast swings on a month-to-month basis.

Conclusion

Many Contractors pay their business taxes on a quarterly basis to avoid large sum tax payments at the end of the Year.

From month-to-month and year-to-year, make these adjustments in your GL to smooth out your financial picture to avoid over/under paying Taxes in any Quarter or Year.

In your Chart of Accounts, check to see if you have these 2 Accounts:

An ASSET Account called “WIP Adjustment”.

A COST OF GOODS SOLD (COGS) Account for “WIP Adjustment”.

If your WIP Report by Date indicates that you have BILLED more than your COSTS for the month, enter the difference (BILLED less COST) in both accounts:

Debit your Asset Account (with the difference)

Credit your COGS Account (with the difference)

The reverse would take place if your COSTS were greater than what you BILLED for the month.

“Our CPA relies on the WIP-By-Date to record changes to our WIP each month in our financials.” Brite Lite Electric

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About ProTechnology & COBRA

ProTechnology was founded in 1996, with its roots in production document generation and electronic forms, and specializes in delivering print & electronic document solutions, process automation/workflow solutions, data capture/mobility and web output projects.

ProTechnology became an expert in intelligent fillable PDF forms for mobile data capture as an Adobe National Solutions Partner and developed a range of software specifically for Mobile Field Service Automation.

COBRA Contractors Software is the result of more than 30 years of serving the Contracting industry. Trends in technology and in the industry drove COBRA's development, resulting in time and money saving features that have been requested by Contractors for years.

ProTechnology & COBRA teamed up in 2014 to create an integrated Mobile & Office Contractors Software Solutions that takes the contracting business to new levels of efficiency and productivity that could not otherwise have been realized.

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