

The Preliminaries...

Year End

Phone #

Email address

City, St Zip

Their work phone

_____ Their email address

Their phone #

[] Ok for us to contact them if we have questions?

For New Clients Only

Please provide these documents, if applicable:

- ☐ Incorporation / Formation papers
- ☐ Tax returns for prior 3 years
- ☐ Depreciation schedule from last year
- ☐ State Corporate annual report
- ☐ Names, titles, addresses & social security numbers for all officers and over 5% owners

For All Clients

Please provide these documents:

- [] Income statement for the year: Print from your computer, or if needed, we have a form you can use.
- [] Balance Sheet at year end: Print from your computer, or if needed, we have a form you can use.
- [] List of major assets purchased including date, description, cost (see fixed asset worksheet attached)
- [] List of major assets disposed of during the year including date, description, how disposed of, proceeds received and, if traded in, details.
- [] A detail of all tax expense accounts and any estimated taxes paid
- [] Form 941 and SUTA reports for 4 quarters, W3, 940
- [] Receipt for property taxes paid (for Kansas state credit)
- [] Brokerage statements for any investment accounts

Y/N

- [] Does each owner have an up-to-date calculation of their cost basis in the business?
- [] Have all 1099's been issued? Required to be issued to any non-corporate recipient of over \$600 in the year.
- [] Have supporting documentation for all expenditures?
- [] Using an "accountable plan" to reimburse employees and owners for business expenses they incur?
- [] If taxed as an S-Corp, are all active shareholders taking a reasonable salary?
- [] Have a current back up of all accounting computer files? Regularly making backups? Ever tested them?
- [] Did you pay for employees' or officers' health insurance? Was the policy an individual policy? (Y / N)
- [] Did you reimburse any employee or officer for a personal health insurance policy?

Please review the pages which follow. Many of these things will not apply to you. However, you may notice something that could save you substantial taxes in the current or future years. Remember, this form is designed to be used by both large and small businesses alike.

Following the organizer questions there is an income statement, balance sheet and fixed asset schedule for your use if you don't have a computerized accounting system. Also included is a copy of an "accountable expense" reporting form.

Again: some of this may be over-kill, but we don't want to miss any tax advantages!!

How is this entity taxed?

- ☐ Partnership
☐ S Corp
☐ C-Corp
☐ Unknown but it's too high

If it's an LLC, it can elect to be taxed as any one of the above. There are tax breaks if you choose the right entity. Ask us if you want more information.

- [] Please discuss this with us.

Business Income and Expenses

Business Name: _____

Main activity: _____

Business address, if not your home:

Other things we'll need:

☐ P&L (income statement) from computer

☐ Balance sheet print out from computer

☐ Copies of payroll tax returns
4 quarterly 941, SUTA, 940, W3

☐ 1099's

1099's must be issued to any non-corp
paid over \$600 last year. They are due
1/31

Income (Receipts):

Total Income	
--------------	--

Cost of Goods Sold

*Beginning Inventory	
Purchases +	
Production Labor +	
Supplies/freight/other +	
*Ending Inventory --	
Cost of Goods Sold =	

Operating Expenses

Advertising	
Bank Fees	
Business Gifts/Promos	
Cell Phone	
Commissions/Fees	
Computer/Software	
Contract Labor	
Dues and Subscriptions	
Employee Benefits (health insurance)	
Freight/Delivery/UPS	
Insurance (not health)	
Interest Expense paid	
Internet	
Legal/Professional	
Meals/Entertainment	
Office Expense	
Outside Services	
Postage	

Pension/Benefit Plans (2013 year only)	
Rent-Office	
Rent-other (ex. car lease)	
Repairs/Maintenance	
Supplies	
Small Tools	
Taxes and Licenses	
Taxes-payroll	
Telephone	
Travel	
Utilities(separate business offc)	
Wages paid-employees	
Wages paid to children	
Other:	

*Please make sure you have listed the interest expense paid during the year for loans and credit cards under interest expense in the income statement.

You can call your bank or lender for that information if you don't have it.

Business Balance Sheet

Balance Sheet Date (The company's year end) _____

This is not an "official" balance sheet, but it is simple!

Tip: Use your accounting software to print out a balance sheet

Assets

Business checking year end balance	
Business Savings year end balance	
Year End Inventory at Cost	
Accounts Receivable	
Other Investments _____	

*Fixed assets-if you bought or disposed of Machinery and Equipment during the year, there is a separate section for that.

Liabilities and Owner's Equity

***Current Liabilities:**

Payroll taxes payable	
Sales Tax payable	
Credit Cards Payable	
Bank line of Credit Payable	
Other _____	

***Long Term Liabilities:**

Auto Loan Payable	
Bank loan 1 _____	
Bank loan 2 _____	
Ending loan from owners	
Other _____	

Owner's Equity

Capital Stock	
Beginning Retained Earnings	
Capital Contributions +	
Distributions/Draws –	
Current year Income +	
Ending Retained Earnings	

Rental Income and Expense

Location and description: ☐ Attach separate sheets

Property 1: _____

Rented ☐ all year - Number of days rented _____

☐ Personal use: _____ days

☐ If bought, sold or refinanced: bring escrow papers

☐ Additions/improvements last year (description + costs): _____

Property 2: _____

Rented ☐ all year - Number of days rented: _____

☐ Personal use: _____ days

☐ If bought, sold or refinanced, bring escrow papers

☐ Additions/improvements last year (description + costs): _____

	Prop # 1	Prop #2
Revenues/ Rentals received		
Expenses:		
Advertising		
Association dues		
Accounting		
Auto mileage to/from		
Cleaning/ maintenance		
Carpet cleaning		
Pest control		
Gardening/ yard		
Commissions		
Dues, Publications		
Insurance		
Interest on credit cards used for Rental expenses		
Legal / Eviction costs		
Management fees		
Mortgage interest		
Office expense		
Repairs		
Plumbing		
Painting		
Roofing repairs		
Supplies		
Taxes – property & licenses		
Travel		
Utilities / trash / telephone		
Wages paid		

For non-C-corp ownership of rentals, there may be limitations on deductions. There are “at risk” and “active participation” rules. Owning rental property in a C-corp is usually a very bad idea. Check with us!

☐ I meet the “at risk” & “active participation” tests

Farm Income and Expense

Location of farm: _____

Crops _____

Income:	
Sales of Livestock / crops	
CCC Loans	
CRP payments	
Other program payments	
Cost of goods sold	
Other Costs:	
Auto and truck	
Chemicals	
Custom hire	
Feed	
Fertilizer	
Insurance	
Interest	
Labor	
Management fees	
Seeds and plants	
Supplies	
Taxes	
Utilities	

☐ Did you manage the farm?

Royalty Income and Expense

Type of Royalty: _____

Location _____

	# 1	# 2
Income		
Expenses:		
Auto and truck		
Insurance		
Interest		
Management fees		
Production Expense		
Taxes – severance		

[] Did the business pay prior years taxes on behalf of the owners?

If either of the above apply, we need to know how these were recorded on the books (which account), a list of the amounts, to whom paid, dates and the name of the owner to whom they apply

Office-in-Home Deduction

The treatment of office in home deductions depends upon the form of business. It is very difficult to deduct an office in home deduction on a S-Corp or C-Corp. It is allowable as a deduction on an LLC taxed as a partnership, although it may be better to take the deduction on the individual 1040 tax return.

It is essential that we discuss home office deductions before finalizing the return.

	Home 1	Home 2
Total square footage		
Office use Sq. Ft.		
Expenses:		
House rent/lease payments		
Home mortgage interest		
Home property taxes		
House/yard maintenance, cleaning, windows, etc		
Repairs		
Home Insurance		
Utilities - Gas/water/electric, trash, phone, cable		
Association dues		

Requirements: an office in home must be used regularly and exclusively for business tasks not performed at another office. Keep a diagram and a picture as support in your files. Allowable for a rented or owned home.

Purchase of Business Machinery and Equipment:

Date Purchased	Description of Item	Cost of Item	X if not new

Sale/Disposal of Business Machinery and Equipment:

Date Sold	Description of Item	Sales Price

[] Business gift deductions are limited to \$25 per person per year.

[] Auto and cell phone should be pro-rated based on percentage of use that is personal and percentage that is business use. In most cases, it isn't reasonable to expect that either of these are used 100% for business. These are items the IRS is scrutinizing more closely.

[] Meals and Entertainment must have a clear business purpose. The entertainment must precede or follow a substantial business discussion. You must have an expectation of receiving income or a specific business benefit from the meal or entertainment. You should document the names of the people you dined with or entertained and what the business discussion involved for all meals and entertainment. Country Club dues are NOT deductible as a business expense.

Deductions for SEP, 401(k), Keogh and Other Retirement Plans

	For Owners	For Employees
Employer contributions for:		
SEP/Profit sharing		
401(k)		
Roth IRA for employees		
Defined Benefit Plan		
Simple IRA		
Other plan		

Include only those contributions made by the business on behalf of employees. Don't include amounts that were withheld from employee's wages.

If you have a SEP, Keogh or other business retirement plan, you may have to file form 5500. Be sure to ask about these requirements!

Do you have a Simple IRA plan? Have you made the required 3% matching contribution? Y/N
 What is the amount of the match? _____ Where have you listed it in your books? _____
 Do you have a 401K plan and want to discuss a possible match before the taxes are done? Y/N
 Would you like to discuss setting up and contributing to a SEP before your taxes are done? Y /N

Health Savings Account (HSA & MSA)

These plans use a high deductible health insurance policy, coupled with an IRA-like savings account. They allow you to make tax deductible contributions to the savings account which can be used by employees to pay for qualified medical expenses tax free. There are no payroll taxes on the amounts contributed on behalf of employees. Did you make a contribution to one? Bring details!

	For employees:	For owners:
Contributions to HSA Savings Account:	_____	_____
Health insurance premiums paid:	_____	_____

Self Employed Health Insurance

This applies to those who own their own business (sole proprietorship, S-Corp, LLC, etc, other than a C-Corp.)

- ☐ Self employed: medical and health insurance premiums paid: _____
 Includes long term care, dental, and other health insurance
☐ This amount is included in () draws () health insurance expense

C-Corp Business Estimated Taxes Paid

Calendar Yr Business		Federal		Home State: _____		Other State: _____	
Quarter	Due Date	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount
4 th 2013	1/15/14	N/A	N/A				
'13 Extension	3/15/14	N/A	N/A				
With '13 return		N/A	N/A				
1 st 2014	4/15/14						
2 nd 2014	6/15/14						
3 rd 2014	9/15/14						
4 th 2014	1/15/15						
'14 Extension	3/15/15						

- ☐ Did the business pay estimated taxes on behalf of the owners?

Interest & Dividend Income Received

Please provide all 1099 forms received, including mutual fund year-end reports. Even though exempt from tax, the IRS requires that you report non-taxable interest, such as that earned on municipal bonds, etc.

Bring all 1099s received. If you are missing a 1099 – call payer for another copy.

☐ See list attached

Capital Gains

Capital gains come from sales or redemptions of stocks, mutual funds, bonds, real estate or property. We need any 1099 forms, brokerage statements, or mutual fund statements. Many times the brokerage statements will contain this information. Please fill in the form below, bring your brokerage statements, or make a list. It is very important that we have the information shown in the column headings of the table below!

☐ Brokerage statements attached ☐ See list attached Here's the information we need:

Description	Date Acquired	Cost or basis	Date Sold	Sales Proceeds

☐ Stocks or securities became worthless, or securities became uncollectible

Sale, Refinance or Purchase of Buildings or Land

☐ Bring closing (settlement) statements for any real property refinanced, sold or bought.

Employee Benefits

Here is a list of some employee benefits. Are you taking advantage of them?

- ☐ Day care services paid for care of dependents (paid for by the business)
- ☐ Achievement or safety awards
- ☐ On premises athletic facilities
- ☐ Employer paid tax preparation and financial planning services
- ☐ Accident and health insurance
- ☐ Cafeteria or Sec 125 plans, allowing benefits to be paid pre-tax (medical, dental, child-care)
- ☐ Health reimbursement plan (HRA) or Health Savings Account (HSA)
- ☐ Group term life insurance
- ☐ Meals and lodging provided for the convenience of the employer (not for owners)
- ☐ Employer paid transit passes or employer paid parking
- ☐ Up to \$20/ month for employee use of bicycles for commuting
- ☐ Employee Stock Ownership Plan (ESOP or ESOT)
- ☐ Educational reimbursement plan
- ☐ Adoption expense reimbursement plan
- ☐ 401(k) plan
- ☐ Profit sharing plan
- ☐ Pension plans including a defined contribution plan or defined benefit plan

Owners and Officers

Name	Position	SS #	Percent owned	W-2 Salary	Draws Paid	Dividends Paid*

* For corporations only

☐ If there was any change in ownership during the year, please provide details. For example, did a new owner invest, or was an existing owner bought out in whole or part?

☐ Were there any changes in the officers or directors during the year?
Please provide details:

☐ Was there any change in the governing instruments (Bylaws, Charter, Operating Agreement) that would have an impact upon this tax return? If so, please provide copies.

☐ Does this business own any part of another business, corporation or partnership? If so, we need to know the details.

☐ If a corporation, please show the # of shares owned in the column entitled "percent owned" above.

Shareholders' Loans from the Business

The IRS is afraid owners or officers will take "disguised compensation" out of their businesses in the form of loans. If you borrow money from your business, you must have a written note, a repayment schedule and pay "reasonable interest" to avoid their wrath.

----- Loan Balances -----					Interest	
Borrower/Shareholder Name	Beginning	Advances	Paid Back	Ending	Rate	Amount Paid

☐ The company may have a problem with documentation of loans.

Shareholders' Loans to the Business

The IRS has issued new regulations on "open account debt", which is shareholder advances (and repayments), not evidenced by separate written notes. Repayment of these advances will not create problems as long as the amount of loan from shareholders outstanding is under \$25,000 per shareholder at the end of the year. If the outstanding loans to shareholder exceed \$25,000 at year-end, re-payment of these loans could be counted as income to the shareholder.

----- Loan Balances -----					Interest	
Lender/shareholder Name	Beginning	Advances	Paid Back	Ending	Rate	Amount Paid

Document all loans, and set an interest rate greater than the Applicable Federal Rate (AFR).
Loans greater than \$10,000 at any one time in the year require interest.

Accounting Records and Internal Controls

Accounting controls and good accounting records can prevent problems, identify opportunities and keep the tax people happy. We can provide you with an on-site "operational audit," but here are a few things to consider:

- ☐ Do you have an "accountable plan" for reimbursement of expenses?
- ☐ Are your personal and business activities kept separate?
- ☐ Is the petty cash fund kept on an "imprest" basis (regularly reimbursed to original balance)?
- ☐ Do you entrust the complete recordkeeping to one "trusted" employee? (bad, bad idea)
- ☐ Are the duties of receiving cash and checks, depositing them and recording them handled by different people?
- ☐ Do you have an inventory (listing) of your equipment and other physical assets?
- ☐ Are all physical assets tagged or marked as property of the business?
- ☐ Do you have a procedure to require documentation, such as invoices, receipts, etc., before signing a check?
- ☐ Do you have an amortization schedule for each loan and note payable?
- ☐ Do you take regular physical inventories of goods on hand?
- ☐ Are regular accounting reports prepared and compared to prior periods, with differences investigated?
- ☐ Do you have a business plan and budget (including a disaster plan and contingency plan)?
- ☐ Do you have a written employment agreement for each employee (including internet and phone use policy)?
- ☐ Does the company have an updated employee manual with rules and regulations?
- ☐ Do you require signed time reports before issuing paychecks?
- ☐ Are bank reconciliations prepared monthly, reviewed carefully by an owner, and all discrepancies resolved?
- ☐ Are accounts receivable and accounts payable listings (aging schedules) reviewed carefully on a regular basis?
- ☐ Do you have insurance to cover employee theft?
- ☐ Are blank checks and company credit cards safeguarded?
- ☐ Do you have a current back-up of all computer data files, tested, and kept off premises?
- ☐ Is there a backup of all computer programs kept off premises?
- ☐ Is the computer system protected from hackers by firewalls or an internet security device?
- ☐ Do all computers on premises have up-to-date virus and malware programs?
- ☐ Is there a regular procedure to update computer software, defrag hard disks, clean out junk files, etc?
- ☐ Are you familiar with the FTC regulations which affect your business (especially as it pertains to safeguarding confidential client/customer data)?

Tax Saving Opportunities

Here are some areas in which you can save on taxes. Credits are direct offsets against tax, and thus are more valuable than deductions! If any of these seem to apply to you, check with us for details:

- [] Credit for fuels used off-highway (such as airplanes, tractors, generators, etc.)
- [] Solar energy credit – 30% of the cost of solar energy property (solar cell power)
- [] Disabled access credit of 50% of expenses to make your business disabled-access friendly (max \$5,000).
- [] Employer tip credit – for restaurants or any business in which workers receive and report tips
- [] Employer provided child care facilities – Credit of 25% of cost of facilities, or care provided
- [] Historical rehabilitation credit – for renovating old buildings – credit for up to 20% of the costs
- [] Pension start-up credit: 50% of the first \$1,000 spent to establish or administer a pension plan, in the year of starting the plan and for the two subsequent years. Maximum credit is \$500 per year.
- [] Domestic production deduction: an additional tax deduction of 6% of income from manufacturing, fabrication, agriculture, and mining activities conducted in the US. Many businesses can qualify.
- [] HSA plans

Deductions You Don't Want to Miss

Accounting	Employee benefits	Maintenance	Security
Advertising	Entertainment	Management fees	Seminars
Alarm system	Equipment	Meetings	Shipping
Answering service	Fees	Miscellaneous	Stationary
Bank charges	Freight	Office Supplies	Storage
Cash short	Gas & Oil	Outside Services	Subscriptions
Cleaning	Gifts	Parking	Supplies
Commissions	Insurance	Permits	Taxes
Consulting	Interest on loans	Postage	Telephone
Conventions	Interest on credit cards	Printing	Tools
Data processing	used for business	Professional fees	Travel
Delivery	Janitorial	Promotion	Utilities
Depreciation	Laundry/uniforms	Publications	Wages
Dues	Legal	Rent/lease	
Education	Licenses	Repairs	

The key words to remember for deducting expenses: Ordinary and Necessary for the production of income.

List of Possibly Important Items! Check () if any apply and supply details:

<input type="checkbox"/> Letters received from IRS or state (please bring)	<input type="checkbox"/> Overdue Payroll taxes or some returns not filed
<input type="checkbox"/> Audit or Tax notice received (bring)	<input type="checkbox"/> Overdue sales taxes, or some returns not filed
<input type="checkbox"/> Prior year's returns need to be amended	<input type="checkbox"/> Overdue property taxes, or returns not filed
<input type="checkbox"/> Changed states in which company operates	<input type="checkbox"/> Receivables factored or pledged
<input type="checkbox"/> Theft loss occurred during the year	<input type="checkbox"/> Forgot to issue 1099s to independent contractors
<input type="checkbox"/> Casualty loss occurred during the year	<input type="checkbox"/> New venture or business segment
<input type="checkbox"/> Abandonment of business assets	<input type="checkbox"/> Have foreign partners or shareholders in business
<input type="checkbox"/> Foreclosure	<input type="checkbox"/> Ownership or beneficial interest in foreign account
<input type="checkbox"/> Bankruptcy now or pending	<input type="checkbox"/> Paid taxes to a foreign government
<input type="checkbox"/> Legal matters (lawsuit, etc) during year	<input type="checkbox"/> Have shareholder life insurance owned by company
<input type="checkbox"/> Compromise of loan or indebtedness	<input type="checkbox"/> Discovery of accounting errors
<input type="checkbox"/> Internal control lapse or weaknesses in systems	<input type="checkbox"/> Change in accounting method
<input type="checkbox"/> Business conducted in more than one state	<input type="checkbox"/> This is a final year return
<input type="checkbox"/> Other matters that we should be aware of: _____	<input type="checkbox"/> None of these applied this year

Warning: New penalties apply to returns filed late: up to \$195/month per K-1 (for a 5 K-1 return, this could be up to \$11,700)

Automobiles

The IRS is very interested in personal use of company vehicles. If your business has company-owned vehicles, it is imperative that personal use/commuting use not be deducted as part of auto expense. Avoid problems by having personal use reimbursed by those using company owned vehicles.

		2	3
Vehicle Description	Suggestion: the best way to handle autos is to reimburse employees and owners for the business use of their personal autos based on the standard mileage rate.		
Cost			
Date put in service			
Date out of service			
Business miles			
Commuting miles			
Other Miles			
Total Miles driven in year			
Expenses:			

Important: The IRS requires that adequate business records be kept to substantiate business use of vehicles such as automobiles.

- [] Adequate records are maintained, such as an appointment book showing the mileage total from each day. (It is not necessary to keep a record of the beginning and ending mileage for each day.)
- [] Records substantiating total mileage on the automobile are kept (such as a repair receipt from the beginning of the year and end of the year).
- [] A flat auto allowance paid to employees is taxable as income, including payroll taxes.

In general, the standard mileage method is better if mileage is high, or your vehicle is economical to operate. The actual expense method works better for cars weighing over 6000 lbs, those that are expensive to operate, or if there aren't many business miles.

Tests of the Accounting Records

You can save tax prep fees and ensure a more accurate return by doing these “tests” on the financial statements:
Warning: these steps are for accounting-minded only. Don’t have concerns if you don’t feel up to doing these.

Y/N/X (X=need help)

- ☐ Did you reconcile the bank accounts at year end?
- ☐ Does the amount shown as cash on the balance sheet reconcile to the bank?
- ☐ Is the amount of petty cash or cash-in-drawer correct?
- ☐ Did you take a physical inventory of goods on hand at year end?
- ☐ Is the amount shown for inventory equal to the cost of your inventory on hand at year end?
- ☐ Do you have an accurate aging (detail) of accounts receivable at year end?
- ☐ Are there some receivable adjustments that need to be made? (uncollectible/negative balances, etc.)
- ☐ Is the amount shown as A/R on the balance sheet equal to the accounts receivable aging?
- ☐ Do you have a list of any other receivables shown on the balance sheet, and are they accurate?
- ☐ Are there any “prepaid” items at year end (expenditures which have a “benefit” which extends over a year beyond the year-end date?
- ☐ Do you have an analysis of all fixed assets (building, equipment, furniture, vehicles)?
- ☐ Is the amount shown for A/P correct?
- ☐ Is the amount shown for payroll taxes payable correct? (agrees to payments made after year-end)
- ☐ Is the amount shown for sales tax payable correct? (agrees to amounts due and paid after year-end)
- ☐ Are the amounts shown for Notes Payable or Loan Payables correct? (agreed to statements from the lenders, such as bank or finance company)
- ☐ Have entries been made to reflect amounts owed for 401(k), Pension Plan or other employee benefits?
- ☐ Is there an “opening balance equity” account on the balance sheet in the equity section? Do you have an analysis of this account?
- ☐ Are there any corrections needed to be made to correctly state any account balance at year end?
- ☐ Are you aware of whether you have good “internal controls” to prevent errors and losses?
- ☐ Have you asked us about any account that doesn’t make sense?
- ☐ Were all prior year accounting adjustments entered?

Please look at your income statement:

- ☐ Does the amount shown for sales appear to be correct? (agrees to cash register, sales records, etc.)
- ☐ Is the gross profit percentage appropriate?
- ☐ Do the expense accounts appear correct compared to last year?
- ☐ Does the amount of wages agree to the totals from the Federal form 941 forms?
- ☐ Is the amount of payroll tax expense equal to employer’s FICA, FUTA and state unemployment?
- ☐ Are personal (owners’) items segregated and identified, such as:
 - ☐ Medical insurance premiums paid ☐ Draws or payments for personal items
 - ☐ Life Insurance ☐ Disability insurance
 - ☐ Auto use
- ☐ If there is any charity expense on the income statement, has it been analyzed to see if amounts should be re-classified to advertising and promotion instead?
- ☐ Is the amount of interest expense on loans owed banks correct?
- ☐ Is the amount of interest expense on loans from owner shown?
- ☐ Is the amount of interest income from investments/savings properly shown?
- ☐ Is the amount of interest income from loans to owners shown?
- ☐ Has depreciation and amortization been recorded?
- ☐ Has gain or loss on disposal of Property, Plant & Equipment been recorded?
- ☐ Has gain or loss on sale or disposal of other assets (such as investments) been recorded?
- ☐ Has the current year pension plan expense been recorded?