

BUSINESS INFORMATION CHECKLIST

Name of Business: _____

Type of Business: _____

Address: _____

The IRS defines deductible expenses as follows: To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your trade or business. A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary.

Here is a list of some, but not all, income and expense items you may have for your business:

- Sales of goods or services
- Commission income
- Cost of goods (inventory purchased)
- Freight or shipping of inventory
- Contract Labor costs
- Wages or Salaries
- Advertising, marketing
- Bank Charges
- Credit card fees (charged to you for accepting credit cards)
- Computer supplies and expense
- Dues, subscriptions, and publications
- Office expenses
- Postage
- Rent: separate types like office, storage, equipment, land, etc.
- Taxes paid: separate types like property, payroll, ad valorem
- Bookkeeping, Legal, and other professional fees
- Repairs and maintenance
- General supplies
- Travel costs (for overnight stays)
- Meals: list separately client entertainment, travel meals, food provided for employees
- Interest expense: separate by type of loan
- Insurance: separate by type, i.e. health, hazard, liability
- Continuing Education
- Internet service
- Cellular telephone
- Website services
- Any other consumable items purchased for your business. Consumable usually means an item or service that will be used within a one year period.

BARBARA'S TAX SERVICE

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Automobile Expenses

You have two choices on how to deduct auto expenses: mileage or actual. The choice, once made, cannot be changed. Regardless of which method you choose, you must provide both the *total* miles driven for each auto for the year and the *business* miles driven.

Business miles driven include any miles driven for which business is solicited or transacted, such as:

- Visiting customers to deliver, sell, or otherwise conduct business, whether at their place of business, home, or other location away from your office.
- Trips to purchase merchandise, supplies, equipment, or other items needed for your business. Don't forget that trip to Wal Mart or Costco to purchase copy paper or legal pads.
- Trips to the post office to mail business correspondence or pick up business mail and packages
- Realtors driving neighborhoods seeking available homes for sale
- Trip to see your accountant, tax preparer, lawyer, or other professional to take care of business matters
- Travel to conventions, markets, or trade shows

There are numerous other reasons you might incur deductible mileage. Just remember, to survive an audit, you must have some sort of proof for your business mileage. Ideally, you should keep a daily calendar listing odometer readings and purpose of the trip. Check your smart phone; there are many apps available to help you keep up with this and most come with GPS tracking and report producing capabilities for a small fee. It's tedious I know, to keep up with mileage. But remember, it's important to your business and can save you **hundreds** in taxes if you will just keep some records!

Please provide the following information for each vehicle used:

Vehicle #1: Make and Model of vehicle: _____

Date you started using vehicle if not January 1st: _____

Total miles driven for the year: _____ Total *business* miles driven: _____

Did you purchase or sell this vehicle this year? If yes, please provide details.

Vehicle #2: Make and Model of vehicle: _____

Date you started using vehicle if not January 1st: _____

Total miles driven for the year: _____ Total *business* miles driven: _____

Did you purchase or sell this vehicle this year? If yes, please provide details.

Vehicle #3: Make and Model of vehicle: _____

Date you started using vehicle if not January 1st: _____

Total miles driven for the year: _____ Total *business* miles driven: _____

Did you purchase or sell this vehicle this year? If yes, please provide details.

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Office in Home Expenses

Before you dismiss the idea of taking an office in home deduction know this: If you operate your business out of your home and you *do not* take an office in home deduction, the first trip out of your driveway every day is considered *commuting* mileage and is **not deductible**. Doesn't matter where you go. Leave your house, go to a customer's place of business then back home again and you have zero deductible mileage if you don't claim your office in home.

The IRS doesn't require you to have a separate room for your office. However, it must be used *exclusively* for business. What that means is you cannot deduct your dining room if you work on your dining table because it's reasonable that you would typically use your dining table to eat as well. But you can take the corner of your den if that's where your desk is located. Also, if you typically store inventory or supplies in a closet or other storage area, that area is also a deductible part. Even if you use your car in business you cannot deduct the garage space it occupies.

Please provide the following information for your office in home:

When did you start/stop using your home office, if not used the entire year: _____

Total heated/cooled square footage of your home: _____

Total square footage of your office & storage: _____

Either provide your mortgage statement(s) or complete the following:

Mortgage interest paid: _____ Mortgage insurance paid: _____

Real Estate taxes paid: _____ Hazard/Liability Insurance: _____

If you rent, how much total rent did you pay? _____

Electricity _____ Gas _____ Water _____ Trash _____

Repairs/Maintenance to entire home (paint, carpet cleaning, HVAC repair, etc) _____

Other home services (maid, pest control, etc, not landscaping unless daycare) _____

Expenses *only* affecting office (painting, cleaning, repairs) _____

Other: _____

Capital Expenditures

If you purchased any major items such as furniture, equipment, etc, list those items here:

Item: _____ Date Purchased: _____ Cost: _____

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Item: _____ Date Purchased: _____ Cost: _____

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