

2010 BUSINESS ENTITY – TAX PREPARATION CHECKLIST

General:

- Please provide our office with a data backup from your business accounting software.
- Please sign and return your engagement letter to our office, if you have not already done so.

Cash:

- Reconcile all bank accounts and provide a year-end bank statement and reconciliation report for each account.
- If petty cash fund on hand please provide sub-ledger detail or reconciliation for the account.

Accounts Receivable:

- Please check your accounts receivable open invoices as of the end of the year and make sure the balances are correct and identify any receivable balances that are no longer collectible.
- Have you invoiced for all revenue that your company has earned as of year-end?

Inventory:

- What was your year-end inventory balance? Also, state whether the balance is at cost or market or some other method of valuation.

Notes Receivable:

- Please review all note receivable accounts. Are the year-end balances correct? Did you earn interest income on notes held this year in accordance with the note agreement?
- Please provide copies of any new note agreements for notes entered into last year.

Fixed Assets:

- Please review your prior year fixed asset report. Have you scrapped or sold any items? If you have sold an item, please list what you received for it and when it was sold.
- Review your current year fixed asset accounts for completeness. You should post the purchase of any tools, equipment, office equipment and furniture and tenant improvements, which cost more than \$500, to fixed assets. Please send us a copy of your purchase agreement and loan agreement if you have purchased a new vehicle or other financed item during the year.
- **REMINDER NOTE:** Please review your county personal property tax notice for items that you no longer own and cross them off. Add any current year asset purchases and send in the personal property tax affidavit to the appropriate county office by the April 30th filing deadline.

Prepaid Expenses:

- Did you prepay any expenses (e.g. insurance or loan fees) that will be of benefit to your company beyond last year? If so, please identify the transaction and the account it was posted.

Work in Progress:

- If you are a contractor or similar company, did your company have underway any significant projects that were not yet completed by the end of the year? Are you accounting for them under the completed contract or the percentage complete method of matching costs to revenue?



Accounts Payable:

- Please run an unpaid bills report. Are all of the open balances valid as of year end?
- Have you accounted for all payables that are owed by the company as of year-end?

Credit Cards Payable:

- Because for tax purposes, paying for a purchase with a credit card is the same as paying with cash, please enter and reconcile all of your business credit card activity for the year, including finance charges. Please provide copies of the year end statement(s) for all credit card accounts.
- Also, if you use your personal credit card to pay business expenses make sure that each business purchase has been entered in your accounting system, or if they have not been entered send copies of the statements with the purchases highlighted and a brief note of the charge details.

Combined Excise Taxes Payable:

- For excise tax reporting purposes, do you use the cash or accrual method of accounting for revenue? (Call us for clarification, if necessary. Remember that your revenue reporting method should be consistent for both federal and state reporting purposes.)
- Please provide us with copies of your company's year end local and State of WA combined excise tax reports, if not prepared by our office.

Payroll:

- Please send copies of all W-2s, 941 reports, 940 FUTA report, Employment Security, and L & I reports for the year, if not prepared by our office.

Notes & Leases Payable:

- Are your company's lease and note payable balances correct as of the end of the year? Please provide us with an end of year statement from the third party bank or financing institution, which reports the balance owed at the end of the year, as well as interest paid for the year.
- Please provide copies of any new note or lease agreements entered into last year.

Vehicle Use:

- The business mileage reimbursement rate was 50 cents per mile all of last year. If you have not already reimbursed yourself for the business use of your personal vehicle (*not to include any vehicles you have listed as a business fixed asset*) what was your business mileage for the year?

Miscellaneous Other:

- Federal 1099 reporting – remember that 1099 forms must be sent to all service providers by the end of January, with a separate copy sent to the IRS by the end of February, for all businesses that are not incorporated, including rent paid for the business use of your office or shop.
- State of WA Re-seller Permit – if your business buys wholesale goods, without sales taxes, for the purpose of re-selling them, make sure if you haven't already been issued one by the State of WA's Department of Revenue that you apply for your reseller permit, as issued and required by the Department of Revenue. Also, remember that if you haven't paid "use" taxes on items you've purchased for use in your business, make sure you do so, unless specifically exempt.

