



## **2007 BUSINESS ENTITY – TAX PREPARATION CHECKLIST**

### **General:**

- ☛ Please provide our office with a data backup from your business accounting software.
- ☛ Please bring your signed engagement letter with you, if you have not already returned it to our office.

### **Cash:**

- ☛ Reconcile all bank accounts and provide a year-end 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 assets 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 will want to 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?

### **Work in Progress:**

- ☛ 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 do you use the cash or accrual method of accounting for revenue? (Call us for clarification, if necessary. Your revenue recognition method should be consistent for federal and state reporting purposes.)
- 🍏 Please send copies of all local and State of WA combined excise tax reports for the year, 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 L/P and N/P 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 for 2007 was 48.5 cents per mile. If you have not already reimbursed yourself for the business use of your personal vehicle (*not to include any vehicle 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 that are not incorporated, including rent paid for the business use of your personally owned office or shop.
- 🍏 State of WA Resale Certificate – make sure that you provide or update, if you have already provided, your State of WA resale certificate at least once every four years as required by the Dept. of Revenue. The buyer (a.k.a. the retailer or contractor) must provide a properly completed resale certificate to the seller (a.k.a. the wholesaler or subcontractor) in order to substantiate the fact that the seller is not responsible to collect sales taxes from the buyer, otherwise the Dept. of Revenue deems the seller responsible for the uncollected sales taxes.

