

Business Tax Organizer
The Preliminaries...

Company Name _____ Year End _____

Your Name _____ Phone # _____ Email address _____

Current address (to be used on tax return) _____ City, St Zip _____

Person who keeps the books _____ Their work phone _____ Their email address _____

Company attorney _____ Their phone # _____ Ok for us to contact them if we have questions?

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.

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
- All Federal and State Payroll Forms (Including 940, W2, W3, 1096, 1099's)
- Receipt for property taxes paid
- 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 \$600 or more 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?
- Do you have a business plan, including a sales forecast, marketing plan, budget and cash flow analysis? (Really important in the current economy! We can help!)

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.

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

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 \$169/month per K-1 (for a 5 K-1 return, this could be up to \$10,140!!)

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.

Auto # →	1	2	3
Vehicle Description			
Cost			
Date put in service			
Date out of service			
Business miles driven in yr			
Commuting miles in yr			
Other Miles driven			
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.

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:

- Differential wage payments (voluntary wage payments representing the difference between the employee's regular salary from the employer and military pay) – there's a new credit of 20% of up to \$20,000 in payments made after 6/17/08 and before 2010. Potential savings of up to \$4,000 per employee!
- 50% Bonus depreciation on fixed assets(2009 only)
- Up to \$8,000 additional depreciation on purchase of vehicles used in business (2009 only)
- 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)
- Energy efficient home credit for homebuilders – up to \$2,000 per home
- Deduction for making buildings energy efficient – up to \$1.80/square foot of costs
- Credit of 20% of the increase in research expense over prior year
- Work opportunity credit – if you hire from specific targeted groups – up to \$4,000 per employee
- 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
- Empowerment zone and renewal community credit – up to \$3,000 credit per employee
- 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 used for business	Printing	Tools
Data processing	Janitorial	Professional fees	Travel
Delivery	Laundry/uniforms	Promotion	Utilities
Depreciation	Legal	Publications	Wages
Dues	Licenses	Rent/lease	
Education		Repairs	

→The key words to remember for deducting expenses:

Ordinary and Necessary for the production of income, and Proof of payment plus a Receipt.

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.

Borrower/Shareholder Name	Loan Balances				Interest	
	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 from shareholder exceed \$25,000 at year end, re-payment of these loans could be counted as income to the shareholder.

Lender/shareholder Name	Loan Balances				Interest	
	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.

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

	For	
	Owners	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: _____

Payroll taxes (FICA) will be assessed on contributions from an owner with 2% or more in equity

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: _____ Paid by the business
 Includes long term care, dental, and other health insurance
- This amount is included in () draws () health insurance expense

Business Estimated Taxes Paid for 2009 (Only for C-Corps)

		Calendar Yr Business	Federal		Home State: _____		Other State: _____	
Quarter	Due Date	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount	
4 th 2008	1/15/09	N/A	N/A					
'08 Extension	3/15/09	N/A	N/A					
With '08 return		N/A	N/A					
1 st 2009	4/15/09							
2 nd 2009	6/15/09							
3 rd 2009	9/15/09							
4 th 2009	1/15/10							
'09 Extension	3/15/10							

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

Important Tax Considerations

The audits of business entities have increased dramatically over the last few years. It is essential that business owners protect themselves. Knowing the law, and keeping good records are the most important ways to protect yourself from IRS unpleasantness.

- Keep receipts for all expenditures, plus proof of payment (cancelled checks) for 7 years. Don't rely upon your bank to furnish checks on line. Typically they are offloaded after 3 to 6 months
- 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.

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, W2, W3 and State Returns
- 1099's must be issued to any non-corp
paid \$600 or more in the year. Due 1/31.



Don't complete the following section if you have P & L from computer print out.

Income (Receipts) Dollar Amount

Total Income	
Earned in AZ	
Earned in ____	

Cost of Goods Sold

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

* at cost value

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	
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:	

Not income taxes paid

Note regarding QuickBook Files: If you provide us with computer files that you prepared, such as QuickBook files, we do not review the contents of these files in detail, we cannot be held responsible for the contents.

It is your responsibility to ascertain that items of income and expenses are properly recorded and that you have adequate documentary evidence to prove the expenditure and its business purpose. We will print out relevant analyses and statements, and then delete the files from our computer system.

If you have questions about the deductibility of expenses or recordkeeping procedures, please ask us

Business Balance Sheet

Balance Sheet Date (The company's year end) _____ *This is not an "official" balance sheet, but it is simple!*

Don't complete the following section if you have P & L from computer print out.

Assets

Business checking year end balance	
Business Savings year end balance	
Other business Cash accounts	
Business cash on hand	
Year End Inventory at Cost	
Accounts Receivable at year end	
Other Investments _____	
Deposits	
Loans to owners/officers	
Cost value of Equipment, furniture, etc.	
Cost value of Buildings, land	

Should be the reconciled balance at year end

Do you have a depreciation schedule?

Liabilities and Owner's Equity

*Current Liabilities:

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

Should be balance due in January

*Long Term Liabilities:

Auto Loan Payable	
Bank loan 1 _____	
Bank loan 2 _____	
Loans from owners – year end balance	

Call the lender for loans and get the balance at year-end plus interest paid during the year.

Owner's Equity

Capital Stock	
Additional capital contributed	
Beginning Retained Earnings	
Capital Contributions +	
Distributions/Draws --	

*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.



Our Work Agreement

Thank you for engaging us to assist you. We will provide you with the following kinds of services: *(as checked)*

- Individual Tax Preparation: 2009 _____ Federal AZ _____
 Business Tax Preparation: _____ Tax Planning '10 Estimates
 Quick Books Help Compiling Tax Data Payroll Tax Compliance
 Compiled Financial Statements Financial Planning Consulting Services

Here are the terms of our professional relationship:

1. We will prepare our work product based only on information which you give us. You represent that you will provide us with information which is complete, true and correct, disclosing all relevant facts. We will restrict our services to those which are shown above with no continuing obligation to update or provide other services. We don't file extensions unless asked to do so.
2. You've reviewed our tax organizer and completed it as best you can. (We will review the tax organizer, and in some cases, we may assist in completing it by documenting things you tell us. This is to be construed as if you prepared it in your own handwriting.) The IRS says it is your responsibility that all items of income and expense are properly included and presented on your tax return. You promise to review the returns carefully before signing and /or submitting form 8879. (E Filing Form)
3. We will, if possible, e-file your returns upon receipt of a signed form 8879. It is possible your e-filing may be rejected. In which case we will prepare returns for paper filing. There will be an additional charge for re-compiling the returns for paper filing.
4. You're aware of IRS record keeping and documentation requirements, and you represent that you have the necessary documentation. You understand we won't audit or verify your information.
5. It is possible you may receive a notice for additional tax, or for clarification of items. You promise you will contact us if you receive any communication from any taxing authority. Additional work required including responding to any inquiries from tax authorities, tax planning, amended returns or audit work will be billed at our regular hourly rates.
6. There may be elections and decisions in your return which could be challenged by tax authorities. If we believe we see a gray area, we will discuss it with you. We are required by law to disclose any position on a return for which there is a reasonable probability of challenge. Tax law is ever-changing. It is possible that you may be assessed additional tax, interest, or penalties. While we try our best, we are human, and occasionally make mistakes.
7. Penalties on underpayment, late filing or failure to file on time are interest on unpaid tax and are your responsibility. If you receive a penalty imposed as the result of our error, we will reimburse you for the penalty or credit your account at our option.
8. You understand what was involved in the preparation of your return, and acknowledge that the return was prepared with your informed consent. You agree to the reasonableness of our bill and terms of payment. (upon presentation)
9. We will return all the original source documents provided to us. We routinely scan and keep copies of some supporting documents, but we are not the custodian of your records, and you cannot rely upon us to maintain support for your tax return: that is your responsibility. By accepting the return, you acknowledge the return of all original source documents.
10. Should there be any disagreement of any sort between us, you agree to mediation. If mediation is unsuccessful, you agree to binding arbitration under the rules of the American Arbitration Association. The limit of time for making a claim arising from our services is one year after the services are rendered.
11. We can provide unlimited liability damage coverage for 175% of the fee that we bill you. If you elect to decline the full risk coverage and save by paying the lower fee, you agree to limit our liability to not exceed the fees we have received for our services.
12. Advice, suggestions and opinions which are given informally, orally or via email, do not have the same force and effect of a formal written opinion, and should not be relied upon to the same degree. The IRS says that any advice which you receive from us, either in writing or orally, cannot be used as a defense against the assessment of a penalty.
13. In the case of work product covering more than one party, the undersigned enters into this agreement on behalf of all affected parties. (i.e. husband signing for both spouses)
14. If any provision herein is inoperative, the remainder of this agreement shall remain in full force and effect. This agreement is intended as the complete agreement, and can only be modified in writing signed by both of us.

Read, understood and agreed to on ____/____/____

Signature

Spouse's Signature