

Hartwick's Helpful Hints - Business Checklist

Your name: _____

Business name: _____

Business address: _____

Date business began (if in current year): _____

Date business ended (if in current year): _____

Main product or service: _____

Your percentage of ownership: _____

GST number (if applicable): _____

Do you want us to prepare your GST return? If yes, please provide your return. Yes No

- Please take a series of reusable file folders and label each one with the headings listed below.
- Sort your invoices, receipts, etc. into each file folder (preferably as you receive them) before you complete this checklist.
- For each file folder, total your invoices and receipts and attach an adding machine tape. **If you are registered for GST please subtract any GST paid** from your expense totals. Enter the total for each category on this checklist.
- Please indicate on the checklist any category that does not apply to your business.
- If you have recorded your business activity in a columnar book please provide it to us. If you keep your records on computer, please provide a printout **and** a backup disk that we can access.
- Only include expenses that were incurred for business. Do not include any personal expenses.
- If you bought or sold the business during the year (or in a prior year and we do not have the documents on hand), please provide a copy of the Vendor Purchase and Sale Agreement for the purchase or sale.
- Please complete the schedule on the last page if you used part of your home and/or your personal vehicle for business. **Do not** include these expenses anywhere else on this checklist.
- If you are in a partnership, please complete this checklist for all your joint expenses (advise us of your percentage of profit/loss, but let us do the calculations). Note **separately** those expenses which are 100% yours and **should not** be split with your partner(s).

Item	Total Amount (mark n/a if not applicable to your business)	Description
1 Sales, commissions, or fees		You must include all sales whether received or not (advise us of the receivable amount separately so it can be deducted from next year's receipts. Be sure to include income received by way of grants and subsidies, vacations, prizes, etc.
2 Opening inventory		This is the cost of inventory on hand at the beginning of the year, and should be the same as your closing inventory as reported on your previous tax return.
3 Closing inventory		This is the lower of your cost or the fair market value of the inventory on hand at the end of the year. It should be based on a physical count or a reasonable estimate if a physical count is not practical.
4 Purchases during the year		The cost (including freight) of goods you buy for resale or use in making goods for resale.
5 Subcontract		Amounts paid to subcontractors. You are required to be prepared to prove that there is a legitimate contract relationship and not just an employee relationship (if in doubt, Pamphlet RC4110 can be obtained from our office). If you are in the construction business you must issue T5018s for each subcontractor.
6 Advertising		Advertising costs incurred for ads in Canadian newspapers and TV, including finder's fees.
7 Business tax, fees, licenses, dues, memberships, and subscriptions		Include annual dues and fees to keep your membership in a trade or commercial association. You cannot deduct club membership dues if the main purpose of the club is dining, recreation, or sporting activities. Golf fees are also not deductible.
8 Delivery and freight		Include all freight expenses to ship purchased items to customers.
9 Fuel costs (excluding motor vehicles)		This is the cost of fuel to run equipment (this does not include your vehicle – see Motor vehicles below).
10 Insurance		Premiums for insurance coverage on buildings and equipment, and liability insurance such as malpractice (does not include home or motor vehicle insurance which are detailed below, nor life insurance).
11 Interest and bank charges		Interest on money borrowed to run your business (does not include your vehicle loan or home mortgage which are detailed below). Also, advise us the amount you paid in fees such as appraisal, brokerage and legal fees. We will claim these at 20% per year. For each loan, please provide confirmation from your lender indicating the interest paid. Let us know the loan details and what percentage (if any) of the loan was for personal purposes.

Item	Total Amount (mark n/a if not applicable to your business)	Description
12 Maintenance & repairs		You can deduct the cost of labour and materials for any minor repairs or maintenance done to equipment and property you use to earn income. Purchases of equipment and improvements exceeding \$500 must be added to capital - see number 25 below. You cannot deduct the value of your own labour.
13 Meals and entertainment		Include 100% of all meals and entertainment expenses incurred to earn business income. Including travel meals. We will calculate the 50% deduction when preparing your return. You should be prepared to provide evidence of the business purpose of the expense and with whom you incurred the expense. In town meals purchased just for yourself are considered personal.
14 Motor vehicles	Please complete the attached schedule	Please complete the Schedule of motor vehicle expenses at the end of this checklist. We will do the calculations. A log should be kept, but if one was not completed, please provide your best estimate of business and total use. You should be prepared to produce a log if the Canada Revenue Agency requests it.
15 Office expenses		Cost of pens, pencils, paper clips, stationary, stamps, etc. Do not include business-use-of-home expenses here (see Schedule of business-use-of-home expenses at the end of this checklist).
16 Supplies and small tools		A catch-all category for expenses that do not fall under any other category on this checklist, including tools and equipment with a cost under \$500.
17 Professional fees		Legal and accounting fees. Please note if any of these fees were for purchasing or selling the business.
18 Property taxes		You can deduct property taxes for the land and building where your business is situated. This does not include property tax on your home (see Schedule of business-use-of-home expenses at the end of this checklist).
19 Rent		Costs incurred for renting space outside your home (does not include costs incurred for using your own home - see Schedule of business-use-of-home expenses at the end of this checklist).
20 Salaries, wages and benefits (including employer's contributions)		You can deduct gross salaries you paid to employees. You can also deduct employer's contributions to CPP, EI, and WCB. Salaries or drawings paid to you or your partners are not deductible. Remember that T4s have to be filed by the end of February.
21 Travel		You can deduct travel expenses you incur to earn business income. Travel expenses include public transportation fares, car rentals, and hotel accommodations. Any travel meal costs should not be included here but rather in item 13 above. Any travel using your personal vehicle should be included on the Schedule of motor vehicle expenses at the end of this checklist.
22 Telephone and utilities		Do not include the cost of your residential phone line or utilities for your home. You can include the costs of a dedicated business or fax line, and all long distance charges for the business and yellow pages (if not included in the advertising category).

Item	Total Amount (mark n/a if not applicable to your business)	Description
23 Training		This includes course fees that relate to your business, convention expenses (up to 2 conventions per year providing that the convention relates to your business and is held within the geographical limits of where the sponsor operates).
24 Other expenses (please specify)		Include any other expenses you incurred to earn business income, as long as you did not include them in any other category. For example, the cost to lease computers or equipment, qualifying private health services plan premiums. If in doubt please discuss with us.
25 Capital purchases, improvements, or disposals of capital assets		This category includes any item that costs more than \$500 and is expected to provide a benefit for more than one year. This also includes improvements to capital assets. Please provide your actual receipts for our files. We will claim tax depreciation (CCA) for you. We also need to know which capital assets you have disposed of during the year and what the proceeds were (even if proceeds were nil).
26 Business-use-of-home expenses	Please complete the attached schedule	You can deduct expenses for the use of your home, as long as you meet one of these two conditions; a specific work space in your home is your principal place of business; or you use the space only to earn your business income, and you use it on a regular and ongoing basis to meet your customers. Please complete Schedule of business-use-of-home expenses at the end of this checklist. Note, you cannot create or increase a business loss with these expenses, but they can be carried forward for a claim in a future year.
27 Apprenticeship job creation		An eligible apprentice is someone who is working in a prescribed trade in the first two years of their apprenticeship contract. This contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade. Please provide documentation of registration.

Additional information or comments:

Schedule of office-in-home expenses

For the period _____ to _____

100% of expense for
the period

Heat	
Electricity	
Insurance	
Maintenance	
Mortgage interest	
Property taxes	
Rent	
Other expenses (specify)	
Total	

Basis of allocation:

Area of home used for business	(A)
Total area of home	(B)
 % used for business ($A \div B \times 100$)	 %

Schedule of motor vehicle expenses

For the period _____ to _____

100% of expense for
the period

Fuel and oil	
Maintenance & repairs	
Insurance & licensing	
Interest on vehicle loan	
Lease payments	
Other expenses (specify)	
Total	

Basis of allocation:

Closing km, end of year	
less: Opening km, beginning of year	
 Equals km driven during the year	 (A)
Km driven for business	(B)
 % used for business ($B \div A \times 100$)	 %

If you owned this vehicle:

- Please provide a copy of the bill of sale if you purchased or sold this vehicle during the year.
- Please provide us with the fair market value of this vehicle if this was the first year the vehicle was used in your business.

\$ _____

If you leased this vehicle:

- Please provide a copy of the lease agreement if you entered into the lease during the year, or if this was the first year the vehicle was used in your business.