

***INSTRUCTIONS:** I have put on this list some procedures to help you prepare for your business tax return--AND get all the deductions to which you are entitled. Go through my list item by item. Check off each item as you complete it, or ignore it if it doesn't apply. When you're done, you will be ready for the business part of your tax return preparation.*

Client: \_\_\_\_\_ Tax Year: \_\_\_\_\_

- \_\_\_ 1. **Prepare your BUSINESS bookkeeping records.** There are two steps here:
  - \_\_\_ a. Complete your checkbook accounting. This must be done even if your business income and expense goes through your personal checking account. Personally, I recommend a computer program called QUICKEN to keep track of your deposits and checks. It costs about \$40 and is available everywhere.
    - \_\_\_(1) Enter all your deposits and checks, business AND personal. The program forces you to categorize each transaction **as you enter it**, saving you endless time later. **Note:** *You should use your bank statements during this process to get your bank charges, and the charges incurred when you use your ATM or Debit card to purchase things, a common practice for most people.*
    - \_\_\_(2) Do your bank reconciliations. Quicken makes it incredibly easy, and you are guaranteed not to miss **any** transactions that way. Quicken will walk you through this procedure if you turn on its "Q-card" feature.
  - \_\_\_ b. Complete the attached general ledger questionnaire. This has a number of questions which apply to any business, and could have a significant effect on your tax bill. If there are questions you don't understand, call me and I will go over it with you.
  
- \_\_\_ 2. **Review your PERSONAL bookkeeping records for business deductions.**
  - \_\_\_ a. I like to use Quicken for my **all my business and personal bank accounts**. If you enter all of your personal income and expenses, categorizing EACH deposit, you will not only be able to quickly locate your business deductions, you will also have proofed yourself against the new IRS "lifestyle audit," where the IRS is mainly looking for unrecorded income, or a lifestyle that doesn't match the income reported.
    - \_\_\_(1) To complete your checkbook accounting:
      - \_\_\_(a) Enter all your transactions in their proper categories.
      - \_\_\_(b) Reconcile your personal accounts. I guarantee you a feeling of control over your personal finances you've never felt before.
    - \_\_\_(2) Repeat this process for every bank account.
  - \_\_\_ b. Review your **credit card statements**. Many business purchases are made on credit cards, or through "money market" accounts offered by stock brokerages. And if you can document business use on a credit card, some of the interest you pay may be deductible.
  - \_\_\_ c. Review your **calendar book and cash receipts** for cash deductions. Calendar books are the primary source for travel and entertainment deductions, business meals, parking expenses, purchase of business publications and incidental supplies. They are also your primary source of automobile mileage information for vehicles you use for both business and personal. Your calendar book is part of your tax records, and is worth at least \$5,000 in deductions each year.
  
- \_\_\_ 3. **Bring me summaries of all this data, and/or a computer disk with your Quicken files.**