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TAX YEAR 2023 SMALL BUSINESS CHECKLIST

SECTION A IDENTIFICATION

CLIENT(S) WHO ACTUALLY OPERATE BUSINESS	----Select One------
NAME OF BUSINESS (IF ANY)	
ADDRESS OF BUSINESS (IF NOT HOME BASED)	
FEDERAL TAX ID NUMBER (IF ANY)	
TYPE OF BUSINESS	

SECTION B GROSS INCOME OF THIS BUSINESS

GROSS *SELF-EMPLOYMENT* INCOME FROM ALL SOURCES[1]	
TOTAL REFUNDS TO CLIENTS AND CUSTOMERS	

SECTION C COST OF GOODS SOLD[2] – We will calculate final COGS

OPENING INVENTORY[3]	
PURCHASES FOR RESALE- use your cost	
WITHDRAWN FOR PERSONAL USE	
WITHDRAWN FOR BUSINESS USE	
OTHER EXPENSES RELATING TO INVENTORY ITEMS[4]	
CLOSING INVENTORY- lower of your cost or the current market value. DO NOT use retail value.	

[1] If your business has no income, the burden on you will be to show you were actively engaged in a trade or business. The IRS will otherwise presume you are not in business and will not allow any expenses. If you have little or no income, and your expenses are high, your audit risk is very great, and increases exponentially with the amount of loss reported.

[2] This only applies to a business with an inventory. It does not apply to a business which "drop ships" or to a service business.

[3] Use closing inventory from 2022 Schedule C, or enter zero if business is new.

[4] Other expenses relating to inventory products, such as shipping, packaging and insurance

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SECTION D GENERAL BUSINESS EXPENSES

ACCOUNTING (BOOKKEEPING – DO NOT INCLUDE OUR FEES)	
ADVERTISING, MARKETING AND PROMOTIONS	
BAD DEBTS[5]	
BANK FEES, CREDIT CARD FEES AND MERCHANT FEES	
COMMISSIONS[12]	
INDEPENDENT CONTRACTORS[6]	
CONTRIBUTIONS AND DONATIONS[7]	ENTER ON SCHEDULE A
HEALTH & FRINGE BENEFITS FOR EMPLOYEES[8]	
INSURANCE- GENERAL BUSINESS	
INSURANCE- ERRORS & OMISSIONS	
INSURANCE – WORKERS COMPENSATION	
INSURANCE – LIFE OR DISABILITY	NOT DEDUCTIBLE
TOTAL INSURANCE	$ 0
INTEREST – LINES OF CREDIT/CREDIT CARDS	
INTEREST – MORTGAGE (NOT FOR HOME OFFICE)[9]	
JANITORIAL EXPENSE[10]	
LAUNDRY AND CLEANING[11]	
LEGAL AND PROFESSIONAL FEES (INCLUDING TAX FEES)	
LICENSES AND PERMITS	

[5] Bad debts may only be deducted where the amount was originally included in income.
[6] Must be supported by a Form 1099 you have issued where any individual is paid over $600 per year
[7] If you are a service business, gift certificates for your services are not a deduction.
[8] This includes EMPLOYEE health insurance, employee food served on your premises, employee parties, awards, etc. This does not include health insurance for the business owner.
[9] This entry applies where you own your own office space outside of your home.
[10] Office cleaning (but not for your home office)
[11] This means dry cleaning of distinctive uniforms (clothing not suitable for street wear, cleaning of towels/linen).

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OFFICE EXPENSES [12]	
OUTSIDE SERVICES (PAID TO OTHER BUSINESSES)	
POSTAGE	
PRINTING AND COPY EXPENSE	
PROFESSIONAL MEMBERSHIPS	
RETIREMENT CONTRIBUTIONS FOR EMPLOYEES	
RETIREMENT CONTRIBUTIONS FOR OWNER(S)	
RENTAL OF VEHICLES, MACHINERY OR EQUIPMENT	
RENTAL OF SPACE OR PROPERTY	
REPAIRS	
SECURITY	
SELF-EMPLOYED HEALTH INSURANCE PREMIUMS	
START UP EXPENSES- **READ FOOTNOTE CAREFULLY** [14]	
SUPPLIES (do not include inventory held for sale)	
PAYROLL TAXES - COMPLETE WORKSHEET ON PAGE 7	$ 0
TAXES – PROPERTY (NOT FOR HOME OFFICE)[11]	
TAXES- SALES TAX **IF INCLUDED IN GROSS INCOME**	

[12] This means expendable office supplies. Do not include capital assets, which are items designed to last over a year and which exceed $300 in cost.

[13] This would include an alarm at your separate office. Do not use this entry for a home office.

[14] Start up expenses are those expenses which would have been deductible if you were actively engaged in a trade or business, but which were incurred before the start of business. Examples include, education so long as it does not qualify you for the new trade or business, travel, meals and entertainment, mileage, telephone, etc. Start up expenses DO NOT include the purchase of any capital asset (see Section G of this checklist) as these items are only considered placed into service after the actual start of business.

[15] CAUTION – Include only employer portion of FICA and Medicare, plus Federal Unemployment Tax (FUTA), State Unemployment (SUI) and State Training Tax (ETT). DO NOT INCLUDE – any amount deducted from the employee's wages, such as federal or state withholding, employee share of FICA and Medicare, or California SDI. This information is available from your payroll service. Be very careful here if you are not clear on what to include. This has caused large audit adjustments in the past because of accuracy!

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COMMUNICATIONS - TELEPHONE[16]-BUSINESS (EXCEPT CELL PHONE)	
COMMUNICATIONS[17]-CELL PHONE (BUSINESS USE PORTION ONLY)	
COMMUNICATIONS – INTERNET	
COMMUNICATIONS – OTHER	
TOTAL COMMUNICATIONS	$ 0
TOOLS AND TOOL MAINTENANCE	
TRAVEL[18]	
BUSINESS MEALS WITH CLIENTS[19]	
ACTUAL AMOUNT OF TRAVEL MEALS (MUST BE AWAY FROM HOME OVERNIGHT)	

OR PER DIEM[20] .....TO BE CALCULATED BY OUR FIRM – JUST COMPLETE CITIES AND NIGHTS

CITY	**NUMBER OF NIGHTS**	M&I RATE PER IRS	TOTAL
			$ 0.00
			$ 0.00
			$ 0.00

TOTAL USING PER DIEM METHOD	$ 0
UNIFORMS (Clothing which is not suitable for street wear)	
UTILITIES (NOT FOR HOME OFFICE)[21]	
WAGES PAID TO EMPLOYEES	

[16] Do not include basic home telephone service cost. Any communications related deduction must be carefully supported to break out personal and business use.

[17] As with all telephone expenses, this deduction must clearly break out business from personal use. Do not just include 100% as it will damage your credibility in an audit.

[18] DO NOT INCLUDE MEAL EXPENSES – Include airfare, hotel, rental car and local transportation expenses. You must maintain a record of the reason for the travel, including correspondence and conference information in order to establish the business purpose of the travel. You must retain a copy of a receipt for any lodging expense.

[19] You must have receipts for all expenses over $75. In addition, you must have a record of who, where, when, how much and thebusiness purpose of every expense.

[20] For 2022 the “high-low” rates are $71/$60, respectively

[21] This is for separate offices. For home office enter this in Section G.

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BOOKS, PUBLICATIONS AND MAGAZINES	
CONTINUING EDUCATION[22]	
DEMO GOODS (NOT HELD FOR SALE)[23]	
GIFTS TO CLIENTS (LIMITED TO $25 PER PERSON)	
ONLINE SUBSCRIPTIONS - PROFESSIONAL REFERENCE	
SOFTWARE AND SOFTWARE SUPPORT	

SECTION E OTHER BUSINESS EXPENSES

THOSE EXPENSES YOU ARE UNABLE TO CATEGORIZE ABOVE-THESE WILL BE LISTED AS "OTHER EXPENSES"

ALSO SEE SECTION I FOR CHILD CARE AND SECTION J FOR REAL ESTATE SALES EXPENSES

DESCRIPTION OF EXPENSE	AMOUNT OF EXPENSE

[22] If there are travel expenses, list them separately under travel and meals-travel. To substantiate continuing education keep all correspondence, confirmations and a copy of the conference/educational program/class brochure or program.

[23] Do not include any item already listed as withdrawn from inventory for business.

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SECTION F VEHICLE EXPENSES

VEHICLE NUMBER ONE	TO USE FLAT RATE MILEAGE COMPLETE ONLY THE FIRST FIVE LINES	VEHICLE NUMBER TWO
	YEAR AND MAKE	
	TOTAL MILEAGE DURING THE YEAR FOR BUSINESS AND PERSONAL REASONS –ALL MILES DRIVEN	
	TOTAL MILES DRIVEN FOR BUSINESS DURING THE YEAR – BUSINESS MILES ONLY	
	DEDUCTIBLE DMV FEES (LABELED AS VEHICLE LICENSE FEE	
	INTEREST PAID ON ANY LOANS SECURED BY THE VEHICLE	
TO USE THE OPTIONAL ACTUAL EXPENSES METHOD (REQUIRED FOR ANY VEHICLE YOU HAVE ELECTED TO USE ACTUAL EXPENSES FOR IN A PRIOR YEAR), ALSO COMPLETE THE BELOW QUESTIONS		
	DATE PLACED IN SERVICE (ONLY REQUIRED FOR THE FIRST YEAR IN SERVICE)	
	LOWER OF COST OR VALUE ON DATE PLACED IN SERVICE	
	TOTAL ANNUAL FUEL COST FOR **ALL** DRIVING DO NOT ADJUST FOR BUSINESS MILEAGE!	
	TOTAL ANNUAL INSURANCE COST	
	TOTAL ANNUAL REPAIR & MAINTENANCE COST	
	OTHER EXPENSES (TIRES/CAR WASH, ETC.)	
	TOTAL DMV FEES	

SECTION G TOTAL HOME OFFICE EXPENSES- DO NOT ADJUST FOR BUSINESS RATIO –WE DO THAT!

DATE FIRST PLACED IN SERVICE (REQUIRED ONLY FOR THE FIRST YEAR OR FOR NEW CLIENTS)	
LOWER OF COST OR FAIR MARKET VALUE ON THE DATE FIRST USED AS A HOME OFFICE (REQUIRED ONLY FOR THE FIRST YEAR OR FOR NEW CLIENTS)	
SIZE OF HOME OFFICE AREA IN SQUARE FEET[24]	
TOTAL LIVING AREA OF THE HOME IN SQ. FEET[25]	
FOR NON-OWNERS, ENTER TOTAL RENT FOR 2023	

[24] The home office area need not be an entire room, but nonetheless the area designated must be used exclusively for the business and no other purpose. Storage space used for inventory may be included, even if it is a garage or outside structure.

[25] Do not include the garage unless the storage rule in the previous footnote applies.

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TOTAL FLOOD AND HAZARD INSURANCE PAID[26]	
TOTAL ANNUAL UTILITIES PAID[27]	
TOTAL OF OTHER HOME RELATED EXPENSES	
ANNUAL HOA DUES PAID	

PAYROLL TAX BREAKDOWN WORKSHEET

CAUTION – Include only employer portion of the five taxes listed below. BE SURE NOT TO INCLUDE – any amount deducted from the employee's wages, such as federal or state withholding, employee share of FICA and Medicare, or California SDI. This information is available from your payroll service. Be very careful here and ask for help if you are not clear on what to include.

FICA (Social Security Tax) - Employer's share only	
Medicare Tax (Employer's share only	
FUTA - Federal Unemployment Tax	
SUI - State Unemployment Insurance tax	
CTT - California Training Tax	
TOTAL PAYROLL TAXES	$ 0

SECTION H CAPITAL EXPENDITURES A capital expenditure is any personal property designed to last more than one year in service, and which costs more than $300.

DESCRIPTION OF ITEM	DATE PLACED IN SERVICE IN 2023	COST OF ITEM

[26] Be sure to include any insurance premiums paid through a lender's impound account.
[27] Utilities include electric, gas, water, sewer, trash, cleaning, alarm and cable. Utilities **DO NOT** include gardening, pool maintenance or home telephone line.

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SPECIALIZED SUPPLEMENTAL INFORMATION

SECTION I – CHILD CARE PROVIDERS ONLY

DAYS IN BUSINESS DURING THE YEAR ☐ OR _____ / 365 DAYS

OR CHECK THE BOX FOR A FULL YEAR

HOURS OPEN FOR BUSINESS IN 2023 INCLUDING PREP & CLEAN-UP

TOYS AND EQUIPMENT PURCHASED [28]

EXTRA HOMEOWNERS/AUTO INSURANCE

****

FOOD – USING ACTUAL EXPENSE AND NOT THE PER DIEM METHOD

OR

FOOD USING IRS TIER I PER DIEM (YOU MUST KEEP A LOG OF MEALS SERVED)

MEAL	**A** NUMBER OF MEALS SERVED DURING THE YEAR	**B** PER DIEM RATE	**A x B** TOTAL
BREAKFAST		**$1.33**	$0.00
SNACK 1		**$0.74**	$0.00
LUNCH		**$2.49**	$0.00
SNACK 2		**$0.74**	$0.00
DINNER		**$2.49**	$0.00
SNACK 3		**$0.74**	$0.00
TOTAL			**$**0.00

[28] Do not enter capital expenditures (anything lasting more than a year, such as a computer), here. Enter these items in Section G.

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SECTION J REAL ESTATE SALES AGENT SUPPLEMENTAL EXPENSES

CAUTION: BE VERY CAREFUL WHEN REPORTING REAL ESTATE PROFESSIONAL EXPENSES. DO NOT INCLUDE EXPENSES WHICH ARE DEDUCTED PRIOR TO THE PAYMENT OF THE AMOUNTS REPORTED ON THE FORM 1099-MISC ISSUED BY YOUR BROKER(S). SINCE THESE AMOUNTS HAVE ALREADY BEEN DEDUCTED FROM REPORTING INCOME, DEDUCTING THEM A SECOND TIME MAY EXPOSE YOU TO SUBSTANTIAL TAX, PENALTY AND INTEREST. ONLY EXPENSES PAID FOR BY YOU VIA CHECK OR CREDIT CARD COUNT AS EXPENSES. DEDUCTIONS BY THE BROKER ARE ONLY DEDUCTIBLE IF THEY COME OUT OF THE AMOUNT REPORTED ON THE BROKER FORM 1099.

PROFESSIONAL FEES (TOTAL COMBINED BOARD FEES)	
MLS FEES (IF DIFFERENT THAN BOARD FEES)	
BUYER ACCOMODATIONS	
LOCKBOX EXPENSES	
STAGING OR OPEN HOUSE EXPENSES	
PHOTOGRAPHY EXPENSE	

SECTION K ESTIMATED PAYMENTS MADE FOR THE 2023 TAX YEAR

IRS PAYMENT	DATE PAID TO IRS	STATE PAYMENT	DATE PAID-STATE

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CIRCLE ONE

DO YOU WANT TO CONTRIBUTE TO A SEP-IRA? YES NO

IF YES, HOW MUCH? $_____

or circle MAXIMUM

DO YOU WANT A CONTRIBUTION DEADLINE OF APRIL 15, 2024 OR OCTOBER 15, 2024? 4/15/24 10/15/24

1. The maximum amount of SEP-IRA contribution is limited by net income. If your maximum allowed is less than the amount you have requested, we will use the lower amount. If there is a loss no SEP-IRA contribution is permitted.

2. Be aware the October 15, 2024 deadline will extend the IRS statute of limitations by six months.

3. In order to elect a deadline of October 15, 2024 to fund a SEP-IRA we must be notified before the actual return is filed and before April 15, 2024.

NOTES AND COMMENTS

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