

Tax Preparation Checklist for Small Businesses

1. Core Financial Records

- General Ledger:** Ensure your manual or computer-generated ledger is complete.
 - Accounting Software:** If using platforms like QuickBooks, Xero, or Wave, verify that all transactions are fully recorded.
 - Prior Year Review:** Compare current income/expenses against last year's return to ensure consistency.
 - Carryover Items:** Identify any prior-year operating losses or depreciation on that carry over to the current year.
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2. Income Documentation

If you do not have a summarized general ledger, gather the following:

- Sales Reports:** Total records of all sales made.
 - Bank Statements:** Specifically those reflecting cash receipts.
 - Payment Platforms:** Records from PayPal, Stripe, Cash App, etc.
 - Forms 1099:** All 1099 forms received for products sold or services rendered.
 - Investment Income:** Any income earned through business investments.
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3. Expense Documentation

Collect receipts or records for the following operating expenses:

- Facilities:** Office rent , utilities, and home office expenses if applicable.
- Professional Fees:** Accounting, bookkeeping, legal fees, and subcontractor payments.
- Operations:** Software subscriptions , marketing/advertising , and inventory/supplies.
- Vehicle & Equipment:** * Fuel, repairs, or business mileage (excluding commuting miles).

- Records of large equipment purchases.
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4. Asset & Owner Tracking

- Section 179/Bonus Depreciation:** Identify new equipment or vehicles that may qualify for immediate expensing.
 - Owner Transactions:** Document all personal money invested (contributions) and money paid out (distributions).
 - Separation of Funds:** Ensure personal and business receipts are not comingled.
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5. Professional Consultation on Prep

If using a tax professional, be ready to discuss:

- Business Changes:** Any major shifts in operations.
- Staffing:** Changes in the total number of employees.
- Major Transactions:** The sale or purchase of any large assets.