

Canadian Small Business Tax Checklist:

Dear Client, please organize all your documents so that you can get all the tax credits and deductions. Here is a checklist to assist you.

•Sole-proprietorships

If you run a sole proprietorship, you do not have to file a separate tax return for business income, but instead report the business income on your tax return (T1)

Sole proprietor:

- Invoices and receipt, pay stubs or payroll information and GST/HST returns - if bookkeeping is up to date.
- All your T-slips for the year
- Business income and costs arrangement for the year to be documented - assuming accounting is finished
- Information on any other income

Corporation:

- Last year's return
- Employee deductions payable at end of fiscal year
- Copy of minute book/director's resolutions
- Invoices and receipts, payroll information, bank statements – if bookkeeping services are provided
- Copy of incorporation papers
- Latest Notice of Assessment
- Accounts receivable at end of fiscal year
- Amounts payable at end of fiscal year
- Financial statements and trial balance – if already

prepared

- All T-slips the corporation received
- GST/HST return(s) for the tax year
- Fixed Asset Continuity Schedule

Inventory

- Materials and supplies
- Beginning inventory total dollar amount
- Ending inventory total dollar amount
- Inventory purchases
- Items removed for personal purposes

•Corporations:

If you run your business through a corporation, you must file a separate tax return (T2) for your business income because your company is a separate legal entity under Canadian Tax Law

Expenses

- Business insurance – for business assets, liability
- Payroll data for employees; PD7A; statement of account
- Other employee expenses
- Accounts payable at end of fiscal year (cash basis)
- Interest expense – business loans, investments expenses
- Professional fees – lawyers, accountants, and consultants
- Office supplies
- Rent/Property tax
- Utilities
- Advertising
- Vehicle expenses – fuel, insurance, lease/bill of sale, payments with interest, repairs, maintenance, parking, cash washes
- Mileage log or kilometers driven for business purposes
- Travel
- Meals and entertainment: receipts should have a list of who

Capital Assets

Capital assets cannot be expensed in the year acquired but

must be depreciated over the period of ownership. A separate record should therefore be kept of the purchase and sale of capital assets. Typical examples would include:

- Machinery and equipment
- Buildings
- Vehicles used for business
- Tools

Home Office Expenses

If you work out of your home, you may be able to deduct a portion of your home offices expenses. The tax rules differ, depending on whether you file as a sole proprietor or for a corporation. These expenses include:

- Cable/Internet
- Utilities
- Home maintenance and repair costs
- Home insurance payments
- Mortgage interest (not principal) or rent
- Property tax payments