

Tax Return Checklist for Businesses

The type of information you provide will depend on how involved you are in summarising and categorising your business transactions. In other words, how much of the bookkeeping work will be done before your accountant takes over and prepares your financial reports and income tax returns. Obviously the level of your accounting fees will also be affected by how much of this work you choose to do, as well as its accuracy and completeness.

There are basically 3 different “sets” of information you can provide, depending on the level of involvement you choose and the type of records you maintain:

LEVEL 1: THE BARE MINIMUM

This requires that you send us all bank and credit card statements which relate to the business and identify the nature of each transaction by simply writing on them as follows:

Receipts:

- Identify any non-business deposits (eg; loans or transfers from personal funds / other bank accounts).
- Identify any unusual deposits (eg: amounts from the sale of vehicles or equipment).
- All other deposits will be assumed to be normal business income.
- Make a separate list of any business receipts which were NOT deposited at the bank (eg: cash sales).

Payments:

- Identify all business-related payments by writing the type of expense next to the statement entry (eg: tools, materials, wages, stationery, fuel, etc).
- If you are registered for GST, indicate any such expenses which did NOT include GST.
- Use the code letter “**P**” to identify amounts taken or spent for personal use. (Further information about these items is not required).
- Make a separate list of payments which did not go through the bank account (eg: items paid for in cash or with money that you borrowed).
- If you have paid employee wages, note the employee’s name and the amount of tax withheld from each payment.

LEVEL 2: CASH BOOK SUMMARY

This requires that you summarise receipts and payments into categories using a cash book. Typically this consists of columns where similar transactions can be grouped and added. The cash book may either be handwritten or on an electronic spreadsheet. (A “Microsoft Excel” spreadsheet can be supplied if needed).

Receipts:

- Include a separate column for receipts which are not business income (eg: loans or transfers from personal funds / other bank accounts).
- If your business is registered for GST, ensure that all GST collected from customers is entered to a separate column.

Payments:

- Any amounts taken or spent for personal use should be entered to a separate column.
- If your business is registered for GST, ensure that all GST paid to suppliers is entered to a separate column.
- Ensure that *all* outgoings are listed, including bank account fees and interest.
- Make a separate list of any payments which were not entered into the cash book (eg: items paid for in cash, by credit card or with money that you borrowed).
- If you have paid employee wages, note the employee's name and the amount of tax withheld from each payment.

LEVEL 3: ACCOUNTING SOFTWARE

If you use bookkeeping software (such as MYOB or Quickbooks), each transaction will have been allocated to a ledger account and you should be able to produce accounting reports. (For MYOB users, please call us for a separate page of instructions).

For other software, the following reports are required:

- Profit & Loss Report for the entire quarter (or, financial year).
- Balance Sheet as at the end of the quarter (or, financial year).
- Summary of account balances for the entire period, showing opening balances, net movement and closing balances for all ledger accounts. (Ensure that the bank account has been correctly reconciled).
- Detailed list of transactions by ledger account (if this is a very lengthy report, it can usually be saved in "PDF" format and then emailed to us).
- List of gross wages and the amount of tax withheld for each employee (if applicable).

OTHER INFORMATION REQUIRED

In addition to the information outlined above, the following will be required at the end of each financial year to ensure that your income tax returns are complete and accurate:

- Details of any business-related loans or leases, including the term, the interest rate, the amount of each repayment and the outstanding balance.
- Details of newly acquired vehicles, equipment or other assets used in the business.
- Copies of Business Activity Statements (unless these were prepared and lodged by us).
- If applicable, the value of any stock on hand (at cost, NOT resale value – unless this is lower than cost).
- A list of any business expenses paid from personal funds and which are NOT already included in the business records (eg: business use of personal mobile phone, car expenses, tools, internet use, computer software, office expenses).
- (For new clients only): A copy of the prior-year financial statements, income tax return and depreciation schedules.