

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 we take over and prepare your financial reports and income tax returns. Obviously, the amount of your accounting fees will also be affected by how much of this work you choose to do yourself, as well as its accuracy and completeness.

There are basically 3 different “sets” or “levels” of information you can provide, depending on how you choose to maintain your records.

Regardless of which “level” of record-keeping you use, please **also** provide the additional information listed on page 3 under the heading: “Other Information Required.”

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:

Money you received:

- Identify any non-business deposits (eg; deposits from your own personal funds or transfers from other bank accounts).
- Identify any unusual business deposits (eg: loans, amounts from the sale of vehicles or other business 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).

Money you paid:

- 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 are not shown on the bank statements (eg: items paid for in cash or with money that you borrowed).
- If you paid employee wages and maintain a separate payroll system (eg: “Single-Touch” Payroll), please provide an annual report showing (for each employee) the gross wages paid and the tax withheld. If you do NOT have such a system, please note on your bank statements 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, either in handwritten form or on an electronic spreadsheet. Ideally, a different column should be used for each different type of expense. (A “Microsoft Excel” spreadsheet can be supplied at no cost if required).

Money you received:

- Identify clearly any receipts which are not normal business income (eg: deposits from your own personal funds or transfers from other bank accounts, sale of vehicles or equipment).
- Identify clearly any unusual business deposits (eg: loans, amounts from the sale of vehicles or other business equipment).
- If your business is registered for GST, ensure that all GST collected from customers is clearly shown. Alternatively, ensure that all receipts are recorded on a consistent (GST-inclusive) basis.

Money you paid:

- Show separately any amounts taken or spent for personal use.
- If your business is registered for GST, ensure that all GST paid to suppliers is clearly shown. Alternatively, identify any costs or expenses which did NOT include GST.
- 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 paid employee wages and maintain a separate payroll system (eg: “Single-Touch” Payroll), please provide an annual report showing (for each employee) the gross wages paid and the tax withheld. If you do NOT have such a system, note the employee’s name next to each cashbook entry and the amount of tax withheld from each payment.

LEVEL 3: ACCOUNTING SOFTWARE

If you are using **“cloud” software** (such as XERO, MYOB or Quickbooks Online), please send us an email link inviting us to log in and view your information.

For **other software**, the following reports are required:

- Profit & Loss Report for the entire financial year.
- Balance Sheet as at the end of the financial year.
- Summary of ledger account balances (ie: a “Trial Balance”) for the entire period, showing opening balances, net movement and closing balances for all ledger accounts. (Ensure that bank accounts have 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 along with the other reports).
- If you paid employee wages, please provide an annual report showing (for each employee) the gross wages paid and the amount of tax withheld.

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 and frequency of each repayment and the outstanding balance.
- Details of business-related vehicles, equipment or other assets which were either **acquired** or **sold** during the year.
- If applicable, the value of any unsold stock or unused raw materials on hand as at 30 June (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 a personal mobile phone or vehicle, tools, internet use, computer software, stationery or home office expenses).
- (For new clients only): A copy of the prior-year financial statements, income tax return and depreciation schedules.