

Checklist for Corporations

Here is a detailed listing of the various documents and other information you will be asked to compile for us at tax time. Each item that pertains to your business is one of the essential tools we need in order to properly optimize your tax return.

Business income and expense details

- Sales Invoices (used to bill your clients) and deposit books
- Corporate bank statements (with cheque details), credit card statements
- Purchase receipts for materials, supplies, and other operating expenses
 - Office supplies, advertising, business parking, business meals, etc.
- Wage information for all staff, subcontractors, and casual labourers
- Accounting, legal, WCB, commercial insurance, and other professional fee receipts
- Cellular phone bills, business phone, fax, email and internet bills
- Asset purchase receipts
 - Vehicles, computer equipment, furniture, and large tools
- Corporate GST, tax & payroll remittance details & documentation
- Any electronic bookkeeping files, (Excel, Quickbooks, Simply Accounting)
 - Please include user ID and passwords as applicable.

Vehicle expenses

- Fuel and oil
- Maintenance & repair
- Insurance
- License and registration
- Loan interest
- Car washes & parking
- Make/model/year of vehicle
 - Last year's UCC if depreciation has been claimed in the past
 - Or fair market value if depreciation has not been claimed
- Kilometre log book,
 - Verification of the business usage on your vehicle

Housing expenses

Used to establish home office credits

- Mortgage statement
 - (detailing interest vs. principal)
- Residential rent
- Property tax payment information
- Home and contents insurance, Renters insurance policy statements
- Home utility bills
- General home maintenance costs
 - Furnace cleaning, carpet cleaning etc.
- Statement of square footage of the whole home vs. designated office space

Checklist for Corporations

Please have your bookkeeper provide you with:

1. a general ledger,
2. an income statement and
3. a balance sheet for the tax year.

If you are using an online bookkeeping system like QuickBooks Online or Xero, please grant your account manager Accountant/Advisor access. If not, please bring in a print copy, or forward a copy of an export of the file to Excel.

Please bring in the first and last month's bank statements and any credit card statements to confirm ending balances for each balance sheet account.

Tax Planning Suggestions

1. Selling Assets and Investments
 - a. It is best to get counsel from your investment advisor before you sell them. Deferring sales does defer the gains on investments but consider this strategy in the light of the tax changes proposed for the 2019 tax year. If all associated companies' passive income for 2019 exceeds the \$150,000 threshold, then all associated companies will be denied the small business rate in 2020. This new calculation of the small business rate begins to phase out at above \$50,000 in investment/passive income where you will lose \$5 of SBD (small business deduction that gets you the small business tax rate) for every \$1 of passive income.
2. Meals and Entertainment Expenses for Company Functions
 - a. 100% of the first 5 events that your company holds for all employees can be deducted. Events like a summer BBQ, holiday party, a charity related gala.
3. Apprenticeship tax Credits
 - a. These credits help your business save on taxes, but it is the most highly audited area as it is considered by the government as having the most fraudulent claims. Thus, it is important that each apprenticeship form for each employee be complete with the right work period and employment income for that period. Also, remember that the provincial time period might be different from the federal.
4. Scientific Research and Experimental (SR&ED) Tax Incentive Credits
 - a. CRA has changed how they review the program and many companies that qualified for the SR&ED credit no longer do.
5. Tax on Split Income
 - a. Because of the changes in the way CRA looks at dividends paid out by your corporation, it is important that before you do that, you discuss the matter with your account manager before the end of January, regardless of your tax year end. February 28th is the deadline for filing the summary reports for dividend distributions, and if changes are needed, then they need to be addressed prior to this date.
6. Asset Purchases as an Expense

- a. A newly purchased asset, something that has a life longer than 1 year, can only be depreciated. This is called capital cost allowance (CCA) on your tax return. The first year an asset is added to your list, then only 50% of the CCA can be claimed. Also, for you to be able to claim CCA, you must have use of the asset prior to the year end.
- b. If you are planning on purchasing an asset next year, because of expansion or replacement, then consider buying it before the yearend. There is no amount of time that the asset needs to be owned to be depreciated, hence, buying now can reduce your tax bill for this year.

Vehicle expenses

- Fuel and oil
- Maintenance & repair
- Insurance
- License and registration
- Loan interest
- Car washes & parking
- Make/model/year of vehicle
 - Last year's UCC if depreciation has been claimed in the past, unless done by Pi.
 - Purchase and sale agreements; both must be kept for 7 years after sale of vehicle.
- Kilometer log book,
 - Verification of the business usage on your vehicle

Housing expenses

Used to establish home office credits

- Mortgage statement or residential rent
 - (detailing interest vs. principal)
- Property tax payment information
- Home and contents insurance, Renters insurance policy statements
- Home utility bills
- General home maintenance costs
 - Furnace cleaning, carpet cleaning etc.
- Statement of square footage of the whole home vs. designated office space