

Tax Prep Checklist for Small Business Owners

If you are in the business of selling something (not providing a service, but something you can touch), the IRS requires you to keep records showing your inventory at the beginning and the end of the tax year. You are also required to report how much it cost to acquire or produce the goods being sold (cost of goods sold).

(If you are promoting a product, but people don't actually buy it from you (for example, they go to a website and buy it from the company you are promoting), then you do not have to report cost of goods sold.)

- Inventory at the beginning of the year
- Purchases of items
- Inventory kept for personal use
- Materials and supplies purchased
- Other costs associated with producing or acquiring the product you sell
- Inventory at the end of the year

Operating Costs.

Amount spent for:

- Advertising
- Commissions or fees paid
- Equipment purchased
- Insurance
- Interest paid
- Legal and professional services
- Office Expenses
- Rent or Lease (building)
- Rent or Lease (Equipment)
- Repairs
- Supplies
- Taxes (real estate)
- Travel (lodging, transportation, meals)
- Utilities
- Other (list individually)
- Vehicle Expenses
 - Miles driven for your business
 - Personal miles
 - Type of vehicle
 - Year vehicle placed in service
 - Parking
 - Tolls
 - Loan interest



Home Office:

If you used part of your home REGULARLY and EXCLUSIVELY for business, then you may be able to take a deduction for the business use of your home. If you want to claim this deduction, please have the following information:

- Square footage of home
- Square footage of space used for business

That's all that is needed to claim a deduction for home office use using the 'simplified method'.

There is also a complex method for claiming the home office deduction. You will sometimes receive a larger deduction for using this method, but it is not always worth the additional effort. The complex method can also create long term tax implications for the resale of your home. If you want to use the complex method, let's talk it over before you decide.