

## LLC, S Corp, Small Business Worksheet

Please use this worksheet to give us business income and expenses, plus critical supplemental information for preparation of your tax returns.

Please download, open in Adobe, complete and securely upload the PDF to your client portal. Please do not email this worksheet since it contains sensitive information. You can access your client portal here-

[www.watsoncpagroup.com/portal](http://www.watsoncpagroup.com/portal)

**Caution:** many browsers will give you the warm fuzzy that your information is being saved however when we receive it, the PDF is blank. As such, please download first and then open with Adobe, rather than using your browser.

### Worksheets Available

Here is a list of our worksheets. As mentioned before, you do not have to replicate data that is available elsewhere. For example, mortgage interest and real estate taxes reported on Form 1098 do not need to be entered again with our worksheets. Let's keep life simple and easy for you; that's why you hired us.

Contact Info	Used for basic contact information	<a href="http://www.wcgurl.com/60">www.wcgurl.com/60</a>
Dependents	Used for dependents and dependent care	<a href="http://www.wcgurl.com/61">www.wcgurl.com/61</a>
Education	Used for education expenses, student loans, 529	<a href="http://www.wcgurl.com/62">www.wcgurl.com/62</a>
Deductions	Used for moving, medical, local taxes, home, charity, IRA	<a href="http://www.wcgurl.com/63">www.wcgurl.com/63</a>
Small Business (this one)	Used for LLCs and S Corps to report income and expenses	<a href="http://www.wcgurl.com/64">www.wcgurl.com/64</a>
Rental Property	Used for rental property income and expenses	<a href="http://www.wcgurl.com/65">www.wcgurl.com/65</a>
Auto Expenses	Used for actual expenses and mileage information	<a href="http://www.wcgurl.com/66">www.wcgurl.com/66</a>
Home Office	Used for home office deductions	<a href="http://www.wcgurl.com/67">www.wcgurl.com/67</a>
Property Sale	Used for reporting real estate sales, home and rental	<a href="http://www.wcgurl.com/68">www.wcgurl.com/68</a>
ExPat	Used for expatriates to report foreign income, dates	<a href="http://www.wcgurl.com/69">www.wcgurl.com/69</a>
Annual Questionnaire*	Used for tax questions including retirement contributions	<a href="http://www.wcgurl.com/70">www.wcgurl.com/70</a>

\* Everyone is strongly encouraged to review the annual questionnaire. As tax laws change from year to year, we need to ask questions to ensure you are getting the most out of your tax returns.

## Our Book

We encourage you to read our book called **Taxpayer's Comprehensive Guide to LLCs and S Corps**. The book includes topics such as self-employment taxes, S Corp elections, health insurance, retirement planning, hobbies v. businesses, qualifying expenses, reimbursements, vehicle ownership, home offices and payroll. Good stuff! You can read it at-

[www.wcgurl.com/ebook](http://www.wcgurl.com/ebook)

If you earn more than \$30,000 in net business income after expenses, we should consider an S election (more discussion is required).

## Who Should Use This Worksheet

All small business owners operating sole proprietorships, single-member LLCs, partnerships (multi-member LLCs) and corporations need to complete this worksheet, or at least use it in conjunction with financial statements and the like.

Financial statements and spreadsheets miss critical information such as intended 401k or SEP IRA contributions for 2018 paid in 2019, beginning and ending cash balances, fixed asset purchases, among several things. Income statements and balance sheets only get us so far.

Having said all this, you do not need to copy and paste your tidy financial information into this form. If you have a profit and loss statement, income statement or an Excel spreadsheet, please send that to us along with the required sections below (**in red**). We all have enough natural chores in life- let's not manufacture additional ones.

**If you do not use a formalized accounting system** such as QuickBooks, Xero, Waveapps, etc., then we strongly encourage (up to the point of being obnoxiously demanding) that you use this PDF or the Excel version below-

[www.wcgurl.com/21](http://www.wcgurl.com/21) (Excel)

## Accounting Records

If you use QuickBooks or MS-Excel for your accounting records, please make sure your bank reconciliations are completed and all transactions are categorized. Double check your entries after reviewing the rest of the categories on this form. We prefer to get financial data from these programs in MS-Excel or .csv formats since we can massage and manipulate them easily without ruining the integrity of the original data. We need-

- ▲ Balance Sheet for Dec 31 (and preferably another data dump for Dec 31 of the previous year).
- ▲ Profit and Loss Statement (Income Statement) for Jan 1 thru Dec 31.
- ▲ General Ledger for All Accounts (details every transaction) for Jan 1 thru Dec 31. While we can work with PDFs when it comes to Balance Sheets and Income Statements, G/L data is much easier to work with when in MS-Excel or .csv formats.

If you use online accounting software and you feel comfortable giving us access, please use [accounting@watsoncpagroup.com](mailto:accounting@watsoncpagroup.com) as the email address for the invitation. We do not make changes or submit journal entries into your accounting records. If these are needed to be done, we can either guide you thru it or refer you to a third party bookkeeper.

Even if you use accounting or bookkeeping software, please review and complete pertinent areas of this Business Worksheet to provide the information not contained in your accounting records. Here we go- this form is long. And Yes, it is required for a quality, comprehensive tax return for your small business. You can certainly fight it, but we'd prefer you embrace it with love and enthusiasm.

### Person Submitting form

Your Name \_\_\_\_\_ Cell Phone \_\_\_\_\_

Primary Email \_\_\_\_\_

Tax Year \_\_\_\_\_ Date Worksheet Completed \_\_\_\_\_

Is this an update to a previously submitted worksheet?      Yes      No

### Basic Info (required)

Principal Business or Profession \_\_\_\_\_

Entity Type:      LLC      Multi Member LLC      C Corporation      Professional Corporation

S Corp Election:      Yes      No

IRS Business Activity Code? \_\_\_\_\_

**Note-** This information can be found at [www.naics.com](http://www.naics.com) if necessary. The IRS activity code is important for reporting on your tax returns. This allows the IRS to assess your income and expense ratios against other companies in your industry. For example, realtors will have higher mileage deductions than retailers.

Business Name (if applicable) \_\_\_\_\_

LLC Formation Date, or NA \_\_\_\_\_

S Corp Election Date, or NA \_\_\_\_\_

### Sales / Income (not required if providing summary data or financial statements)

Sales / Income (reported on 1099s)\* \_\_\_\_\_

Sales / Income (NOT reported on 1099s) \_\_\_\_\_

Other Income \_\_\_\_\_

Returns, Refunds, Chargebacks \_\_\_\_\_

\* All 1099s must be separately reported on your tax return and tied to your business. If a 1099 is received in your SSN but you use an EIN to file your tax returns, we will nominate this income from your SSN to your EIN. In all cases, please send all copies of your 1099s so we can properly record these.

**Classic Expenses (not required if providing summary data or financial statements)**

Here is the list of common expenses in the order that appears on a Schedule C. Partnerships and S Corps aren't reported on a Schedule C, but please use this list anyway. Please also review Chapter 11 on **Tax Deductions and Fringe Benefits** from our book with this link-

[www.wcgurl.com/8132](http://www.wcgurl.com/8132)

Advertising, Marketing	_____	Machinery, Vehicle Lease	_____
Commissions and Fees	_____	Rent	_____
Contract Labor	_____	Repairs and Maintenance	_____
Employee Benefit Programs	_____	Supplies	_____
Insurance (non-health)	_____	Taxes and Licenses	_____
Biz Mortgage Interest	_____	Travel- Airfare*	_____
Other Biz Loan Interest	_____	Travel- Lodging*	_____
Legal, Professional Services	_____	Meals* at 50%	_____
Office Expense	_____	Meals* at 100%	_____
Pension, Profit-Sharing Plans	_____		

Meals when visiting with a client or prospect are deductible at 50%. Please provide the entire amount spent, and we will reduce the amount according to IRS rules. Meals deducted at 100% are reserved for things like company parties and meetings.

Utilities (not home office)	_____	Wages (see below)	_____
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**IRS Disclosure (required)**

The IRS requires paid tax professionals and CPAs to ask all taxpayers who deduct travel and meals if they have proof or supporting evidence of the expense and the business connection.

Do you have proof of your travel and meals expenses?      YES      NO

Of course you do!

**Additional Expenses (not required if providing summary data or financial statements)**

Owner Health Insurance	_____	Cell Phone (Business Use Only)	_____
Long Term Care Premiums	_____	Internet (Business Use Only)	_____
Owner HSA Contribution	_____	Webhosting	_____
Bank, Credit Card Fees	_____	Other	_____
Continuing Education	_____	Other	_____
Conferences	_____	Other	_____

Self-Employed Health Insurance (SEHI), Health Savings Accounts (HSA) and Long-Term Care (LTC) insurance are a deductions to all small business owners, including coverage for spouse and family. SEHI and HSA are direct deductions on your Form 1040, and is not subjected to income thresholds and phaseouts associated with Schedule A (good news).

Also, if you are an S corporation then SEHI, HSA, LTC and Health Reimbursement Arrangements (HRA) must be handled by adding the amount to Box 1 of your W-2. Please let us know if this applies to you, and we do NOT perform payroll services for you.

**Issue 1099s (required)**

Sorry, we have to ask. The rule is- if you paid more than \$600 in rents, services (including parts and materials) or other income payments to any individual or LLC in connection with your trade or business, you are required to complete a 1099-MISC. You also must submit it to the IRS and mail a copy to the recipient. 1099s are typically required to be sent by January 31. Later submissions are allowed but might incur penalties. 1099-MISCs are not required to be sent to corporations, including S corporations.

Did you make payments that require filing a 1099?	YES	NO	
If Yes above, have you filed the required 1099s?	YES	NO	NA

If 1099s were required to be filed, and you want us to prepare, file and mail them for you please list the recipient's name, full address, SSN or EIN, and the amount paid. Our normal fee is \$50 for the first 1099, then \$15 each thereafter (our S Corp packages offer the first five for free).

**Mileage and Home Office (if applicable)**

Vehicle expenses including mileage and business use of your home (home office) are ONLY reported on the respective worksheets and NOT on this worksheet (yes, we are demanding). Use the following links-

[www.wcgurl.com/66](http://www.wcgurl.com/66) (automobile expenses, mileage)

[www.wcgurl.com/67](http://www.wcgurl.com/67) (home office)

These worksheets are not necessary if you reimburse yourself through an Accountable Plan. There could be some tax advantages for handling these through an Accountable Plan versus taking a deduction on your personal tax return. Learn more here-

[www.wcgurl.com/8423](http://www.wcgurl.com/8423)

**Cash Balances (not required if providing summary data or financial statements)**

Jan 1 Cash Balance \_\_\_\_\_

Dec 31 Cash Balance \_\_\_\_\_

**Accounts Receivable (if applicable)**

Jan 1 A/R Balance \_\_\_\_\_

Dec 31 A/R Balance \_\_\_\_\_

Do you recognize income when you are paid (cash based), or when you invoice a customer (accrual based)? It is not uncommon, nor is it incorrect, to use an accounting package such as QuickBooks to track open invoices and manage your Accounts Receivable, yet use a cash method of accounting. Please describe your system below-

**Loan Balances (if applicable)**

Jan 1 Loan Balance \_\_\_\_\_

Dec 31 Loan Balance\* \_\_\_\_\_

\* Please provide an amortization schedule or some other document detailing the principal payment and the interest payment for the year. The original loan documentation would be helpful as well.

During 2018, did you receive any new loan proceeds or payoff any loans? If so, please include a detailed payment schedule and describe the circumstances below-

During 2018, did you lend money or make any business loans? If so, please include a detailed payment schedule and describe the circumstances below-

**Inventory (if applicable)**

January 1, Beginning Inventory \_\_\_\_\_

Inventory Purchases \_\_\_\_\_

December 31, Ending Inventory \_\_\_\_\_

**Retirement (if applicable)**

Do you have a SEP IRA or 401k plan? If so, please detail the contribution amounts made throughout the year, the type of contribution (SEP IRA, 401k profit sharing, etc.), and the dates below-

**Warning!** SEP IRA contributions are due Monday, April 15, 2019 unless you extend the filing of your tax returns (then it is October 15, 2019). 401k contributions are generally due by the filing deadline of your business tax return.

**Payroll (if applicable)**

You can skip this section if Watson CPA Group processed your payroll. Did you have any employees in 2018 in which you ran payroll, withheld taxes and completed the filings? Please provide year-end summaries from the payroll service you used and briefly note any comments or issues below-

Did you pay your children a wage? If No, have you considered it? There are some excellent tax advantages by doing so. If Yes, please provide the names of your children on payroll and the work they performed below-

Were any owners issued a W-2 where the business also paid for health insurance or long-term care, made HSA contributions and / or issued HRA reimbursements? If so, please explain-

**Ownership (required if new or changed)**

Are there multiple owners or partners in your business? Your spouse will count as a partner if they have any ownership interests in the business as well. If this applies to you, please detail the other owners with addresses, social security numbers and ownership percentages-

Does this business own other businesses, or is this business owned by another business? If so, please explain-



### **Business Startup (if applicable)**

Did you start your business in 2018? If so, did you transfer any equipment, tools, computers, office furniture, etc. from personal use to business use? Please describe below, including fair market values at time of transfer-

Did you have other startup costs such franchise fees, equipment purchases, attorney fees, formation fees, etc.? If so, please describe them below-

### **Equipment Purchases (if applicable)**

During 2018, did you purchase any equipment, office furniture, client lists, etc.? If so, please provide **copies of invoices or sales agreements**, and descriptions below-

### **Vehicle Owned By Business (if applicable)**

If your business owns a vehicle that you use personally, you might have to consider that benefit taxable income. Unless your business needs a vehicle for nearly 100% business use, you might be better off owning it personally and getting reimbursed through an Accountable Plan. Please read our tax articles about this at-

**[www.wcgurl.com/8122](http://www.wcgurl.com/8122)**

There might be situations where charging your company a lease rate for the use of your automobile provides a better tax position than the mileage deduction / reimbursement.

### **1099-K (if applicable)**

Did you receive a 1099-K from a merchant service such as Amazon or PayPal? These forms typically only include gross sales. If you received one, please describe any personal activity, returns, chargebacks or refunds that are erroneously included on the 1099-K below-

### S Corp Election

If you are not an S Corporation but you are earning more than \$30,000 per year after expenses, you might want to consider making an S Corp election. We might be able to retroactively make this election to January 1 2018 and save 8% to 10% in taxes. It might cost you \$2,000 to save \$8,000- but simple math says it is a good idea. Check out our KnowledgeBase articles on the **Taxpayers Comprehensive Guide to LLCs and S Corps** at-

[www.wcgurl.com/ebook](http://www.wcgurl.com/ebook)

### Sales Tax (if applicable)

Did you collect any sales tax in 2018? Does your gross revenue above include sales tax collected? Are all filings current and paid for? Please provide copies of your sales tax filings (if available) and describe below-

### Estimated Tax Payments (if applicable)

Did you make any estimated tax payments? This is in addition to any amounts drafted for payroll processing. And... while we might be the ones who advised you on the amounts to send to the taxing authorities, we still need confirmation.

	IRS Pmt	Date Paid	State Pmt	Date Paid
Q1	_____	_____	_____	_____
Q2	_____	_____	_____	_____
Q3	_____	_____	_____	_____
Q4	_____	_____	_____	_____

These amounts should have been paid from your personal checking account under your SSN. Please let us know if this is not the case- we will need to move things around.

### Housekeeping

Does the company own a vehicle that you use for personal use?

Do you have a separate business address other than your home address?

Do you have an EIN?

If you answered Yes to any of these questions, please explain-

# Disclosure

I(We) verify that the information provided in this **LLC, S Corp, Small Business Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) tax returns.

Taxpayer Signature \_\_\_\_\_ Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Spouse Signature \_\_\_\_\_ Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Please call or email us anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

The Watson CPA Group