

LLC, S Corp, Small Business Worksheet

As with all our forms, you may submit this information electronically using our secure online submit forms. Using this PDF as a work paper and submitting the information electronically is a convenient way of sending your information. Our PDFs are also fillable, and may be saved and uploaded to your client portal.

All online submit forms are converted to a text file and saved in your client portal for historical purposes. You can access our online submit forms here-

www.watsoncpagroup.com/taxes

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.watsoncpagroup.com/book

If you earn more than \$35,000 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 2017 paid in 2018, 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 them.

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 (Excel)

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.

Basic Info (required)

Principal Business or Profession _____

IRS Business Activity Code? _____

Note- This information can be found at 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) _____

Business Address _____

Business City, State and Zip _____

EIN (if applicable) _____

LLC Formation Date, or NA _____

S Corp Election Date, or NA _____

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-

Business Startup

Did you start your business in 2017? If so, did you transfer any equipment, tools, computers, office furniture, etc. from personal use to business use? Please describe below, including 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 (required)

During 2017, did you purchase any equipment, office furniture, client lists, etc.? If so, please provide **copies of invoices or sales agreements**, and summarize below-

Description	Date Purchased	Amount Paid
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

Vehicle Owned By Business

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 are typically better off owning it personally and getting reimbursed through an Accountable Plan. Please read our tax articles about this at-

www.watsoncpagroup.com/kb/19

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.

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. Then upload the data file to your client portal. If you are sending a QuickBooks file, please send us the raw or backup file and **not the accountant copy**. Don't forget to give us the password!

You can also use our Send A File which allows you to securely send your data file without having a client portal. Please ensure your name is in the file such as SmithJoe-ABC Company.xlsx. You can safely send us a file without having a client portal setup with the following link-

www.watsoncpagroup.com/send

If you use online accounting software such as Xero or Wave, or our least favorite, QuickBooks Online, and you feel comfortable giving us access, please use accounting@watsoncpagroup.com as the email address for the invitation.

Note: If we have to make entries or clean up your accounting records, additional time will be spent in preparing your tax returns and there will be a small fee added for this service.

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.

Sales / Income (not required if providing summary data or if we do your books)

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.

1099-K

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-

Inventory (required)

January 1, Beginning Inventory _____

Inventory Purchases _____

December 31, Ending Inventory _____

Mileage and Home Office

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.watsoncpagroup.com/auto

www.watsoncpagroup.com/homeoffice

These worksheets are not necessary if you reimbursement yourself through an Accountable Plan.

Classic Expenses (not required if providing summary data or if we do your books)

The IRS is a bit out of touch (shocking, we know), but to ensure accuracy and proper reporting on your tax returns 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 8 on **Tax Deductions and Fringe Benefits** from our book with this link-

www.watsoncpagroup.com/biz

Additional expenses follow this list.

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, Entertainment* at 50%	_____
Office Expense	_____	Meals, Entertainment* at 100%	_____
Pension, Profit-Sharing Plans	_____		

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

Utilities (not home office) _____

Wages (see below) _____

IRS Disclosure (required)

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

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

Of course you do!

Additional Expenses (not required if providing summary data or if we do your books)

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), Long-Term Care (LTC) and Health Savings Accounts (HSA) is a deduction to all small business owners, including coverage for spouse and family. It is a direct deduction on page 1 of your Form 1040, and is not subjected to income thresholds and phaseouts associated with Schedule A (good news). However, these health related expenses DO NOT reduce self-employment taxes unless you have a Health Reimbursement Arrangement (HRA). Please contact us if you have an HRA. For more information on the savings, use this link-

www.watsoncpagroup.com/HRA

Also, if you are an S Corporation then these expenses 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. For more information use this link-

www.watsoncpagroup.com/SEHI

Issue 1099s

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.

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.

S Corp Election

If you are not an S Corporation but you are earning more than \$35,000 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 2017 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.watsoncpagroup.com/kb/19/

Retirement (required)

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-

If you and your spouse operate the business together, but the business is **NOT** an LLC, partnership or S Corporation, then it might make sense to split the business activity evenly between taxpayer and spouse to maximize Social Security benefits. So, if you are a sole proprietor and you want to split activities, describe each person's role below-

Did you want us to compute the max SEP IRA or 401k contribution? YES NO

Do you want guidance on retirement plans? YES NO

Warning! SEP IRA contributions are due April 17, 2018 unless you extend the filing of your tax returns (then it is October 15, 2018). 401k contributions are generally due by the filing deadline of your business tax return.

Cash Balances (not required if providing summary data or if we do your books)

Jan 1 Cash Balance _____

Dec 31 Cash Balance _____

Accounts Receivable (if applicable)

Jan 1 A/R Balance _____

Dec 31 A/R Balance _____

Do you recognized 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 2017, did you receive any new loans or payoff any loans? If so, please include a detailed payment schedule and describe the circumstances below-

During 2017, did you lend money or make any business loans? If so, please include a detailed payment schedule and describe the circumstances below-

Wages, Owner Draws, Kids on Payroll (not required if providing summary data)

You can skip this section if Watson CPA Group processed your payroll. Did you have any employees in 2017 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-

What is the amount of owner draws or distributions that were paid to the owners in 2017?

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-

Did you pay yourself or any owner a wage and issue a W-2? YES NO

Sales Tax (not required if providing summary data or if we do your books)

Did you collect any sales tax in 2017? 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

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.

Reimbursements, Accountable Plan (not required if providing summary data)

The following questions are used to determine if your company should set up an Accountable Plan to reimburse employees and owners for job-related or business expenses. 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.watsoncpagroup.com/APlan

Do you qualify for a home office deduction?	YES	NO
Have you deducted your home office on your prior personal tax returns?	YES	NO
Did the company reimburse you for a home office deduction?	YES	NO
Have you incurred any travel expense including business mileage?	YES	NO
Have you deducted mileage expense on your prior personal tax returns?	YES	NO
Did the company reimburse you for any travel expense or business miles?	YES	NO
Does the company own a vehicle that you use for personal use?	YES	NO

If the company has reimbursed you for any expenses that you paid for personally, please submit an Accountable Plan Reimbursement Form. You can download a copy a lovely spreadsheet here-

www.watsoncpagroup.com/APlan

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