Bookkeeping Year End Check List

What to do before handing anything to the tax preparer

1. Reconcile all bank card accounts

2. Reconcile all credit card accounts

3. Reconcile all loans to year end statements

4. Review the Open Invoice Report and discuss open balance with client. Are these balances still collectible or do they need to be written off with a credit memo?

5. Review the Unpaid Bills report for accuracy

6. Make sure there is nothing in "Undeposited Funds" for last year that shouldn't be there.

7. Verify any ending inventory and make the appropriate adjustments

8. Check the balance sheet on cash basis to make sure no A/R or A/P is showing. If A/R or A/P are negative on cash basis verify that there are customer or vendor prepayments.

9. Compare A/R on the Balance sheet on accrual with the A/R summary for the end of the tax/fiscal year. They should be the same.

10. Reconcile the W3 with the wages showing on the P&L (cash basis)

11. Make sure payroll taxes are reasonable and accurate. If there are penalties included reclassify them to penalties (non-deductible), reclassify interest as well (deductible)

12. Review all expense accounts for equipment and/or furniture purchases. Reclassify to an asset account. Let the tax preparer decide whether to depreciate or expense the item. According to IRS all items expected to last for more than one (1) year should be listed on the depreciation schedule.

13. Check for duplicate accounts (bank charges and bank service charges) and merge them, or at least sub them.

14. Look for miscellaneous, uncategorized, ask my accountant, catch-all accounts and verify that they are at zero (0).

15. Keep rental car gas separate from vehicle gas. Same for big equipment fuel.

16. Separate owner's health and long-term care insurance from employees' health insurance. In the case of an S-Corporation shareholder health insurance must be included in box 1 of the W2 to be deductible.

17. Insurance: This is probably the only category to go crazy with setting up new accounts.

Keep separate accounts for:

a. Auto (especially important because YOU don't know how the vehicles are treated
on the tax return and don't believe what the client tells you. Ask the tax preparer.
b. Life (separate employees from owners)
c. Disability (separate employees from owners)
d. Health and long-term care (separate employees from owners)
e. Liability, Umbrella, Trip & Fall, etc. can be in the same category

The reason for separating insurance is that they are treated differently on the tax return, depending what entity you are dealing with.

What to provide to the tax preparer:

1. Profit and Loss statement for the tax year including the prior year on either cash or accrual, depending on how the tax return is filed.

2. Balance Sheet for the tax year including the prior year on either cash or accrual, depending on how the tax return is filed.

3. Detail printout for all asset accounts if there were new purchases.

4. Detail printout of any other accounts that might require clarification:
   a. Taxes
   b. Licenses
   c. Gain/loss on the sale of equipment

5. Ask if they want an accountants' copy of the QuickBooks file instead of printouts. Don't assume that the tax preparer uses QB.

6. Ask if they want a GL - some do, some don't

7. If there were equipment purchases during the year that have loans, include a copy of the purchase papers (especially for vehicles)

8. If there was anything unusual add a memo.
   a. paid prior year p/r taxes - that's why payroll tax expense is high
   b. personal use for phone and/or internet has been reclassified (or not)- kids on the cell phone plan
   c. has owner's mileage been accounted for (especially important if they reimburse the employees mileage.

Surprise the tax preparer by putting all docs on a CD or email them.