

Client/Business Name: _____

Tax Year(s) to be completed: _____

BUSINESS EVALUATION

Y N Verify that income resulted from business activities, not from property, capital gains or employment.
(This form is to be used for business activities only)

Y N Verify that the business is not incorporated.

The business is a: Sole proprietorship or Partnership

If a Partnership, who are the partners and what are the percentage share of ownership:

Y N Is the business registered for a business number? If so, what is it? _____

Y N Has the client retained all supporting documents as required by the CRA?

Y N Verify that the business carried on with a reasonable expectation of profit.

Y N Verify whether business activities occurred in the current filing province only.

If not, which other provinces: _____

Y N Verify that the fiscal year-end is December 31.

If not, what is the fiscal year-end: _____

Y N Has the business made any instalment payments for the current year?

If yes, what amount: _____ (verify online if possible)

Y N Is the business a farming or fishing business?

BOOKKEEPING

What will H&R Block's level of involvement be?

Full bookkeeping - client will supply all source documents (fees will apply) - Attach summary to file

Review and adjustments as necessary (fees will apply) - Attached to file

No bookkeeping - client has a completed income statement and asset list - Attached to file

General Review Items:

Donations - if the business has registered donation tax receipts they should be claimed on the Donations and Gifts Schedule. Other amounts may be included in advertising and promotion expense.

Bad Debts - ask client if there are any amounts in the accounts receivable included in the current or a previous year that has been determined to be uncollectable.

Pre-paid expenses - have they been expensed in the correct years.

Meals & Entertainment - verify that expenses are business related and limited to 50%.

Interest & Penalties - income tax interest and penalties, and fines or penalties under Canadian or foreign laws are non-deductible expenses.

Accounts Receivable - verify all accounts receivable are correct and they have been included in income.

Accounts Payable - verify all accounts payable are correct and they have been included in expenses.

Carry-forward amounts - verify that all carry-forward amounts from previous tax year have been properly recorded in the current tax year.

Professionals - if there is professional income, has "work in progress" been included in total revenue?

INTERNET WEB PAGES/SITES INCOME

- Y N Does the business earn income from internet web pages and/or sites? If so - how many? _____
What is the percentage of gross income generated from these webpages and websites? _____
What is the webpage or site address(es): _____

SALES TAX

- Y N Does the business collect GST from its customers?
Y N If not - should the business be registered for a GST number? (Sales over \$30,000, Taxi, other)
Y N Are we completing the GST return? Fee \$25.00 and GST form MUST be attached to HRB file copy
Method of submitting GST return to CRA Taxpayer HRB to Mail Online Filing

CAPITAL PROPERTY

- Y N Does the client have an asset list for the business? Verify items on CCA schedule.
Y N Did the business acquire any new assets that were available for use in the current tax year?
Y N Did the cost of the capital property include delivery, installation, professional fees, property tax or interest?
Y N Were any assets incorrectly entered as expenses for tax purposes?
Y N Were any expenses incorrectly entered as assets for tax purposes?
Y N Did the company dispose of any assets in the year? Ex. sold, stolen, thrown away, taken personally, gifted away
Y N Was there a change in use of the property during the year? (business to personal or vice versa)
Y N Is the capital property used for both business and personal uses?

USE OF PERSONAL VEHICLE

- Y N Does the business use any personal vehicles for allowable business activities?
Y N If so - has the vehicle been entered in the previous tax return with a closing UCC?
If not - what was the fair market value of the vehicle when it was first used for the business? _____
Y N Does the business keep a kilometer log of business/personal use of the vehicle?
What expenses did the vehicle incur during the year?
Y N Did the business dispose of any vehicles in the current year?

BUSINESS USE OF HOME

- Y N Does the business have an office in the client's home?
Only qualifies if the business does not have an office at any other location.
What is the portion of the home that is used for the home office? _____ ENTER OPPOSITE IN TPS
Y N Eligible home office expenses are entered into TPS?

(Mortgage principle payments are not eligible - only mortgage interest)

INVENTORY

- Y N Does the business have inventory?
How was the inventory valued? Fair Market Value Cost the lower of "Cost" and "Fair Market Value"
What method was used? Specific Item Method Average Cost Method First-In First-Out Method
Y N Was the method of valuing the inventory consistent with the method used in the prior year?
Y N Did the taxpayer get approval from CRA to change the valuation method?
Y N Were all the costs related to inventory included for a manufacturing business?
Y N Has the stolen or obsolete inventory been considered (using contra account)?