

Checklist for Self-Employed Individuals

Receipts

_____ Commissions Received during Tax Year
_____ Gross Receipts for the sale of Products
(do not adjust for expenses)
_____ Gross Receipts for Labor or Professional Services

Inventory

_____ A) Beginning Inventory Balance
_____ B) All Inventory Purchases for the Year
(even if you did not sell the items)
(_____) C) Inventory on Hand at year-end (your cost)
_____ Cost of Goods Sold (A + B - C)

Expenses

_____ Advertising
_____ Commissions and Fees
_____ Contract Labor
_____ Business Insurance
_____ Interest on Business Loans
_____ Legal and Professional Expense
_____ Office Expense
_____ Pension and Profit Sharing Plans
_____ Lease Expense Building
_____ Lease Expense Equipment
_____ Repairs and Maintenance
_____ Supplies: Daycare providers may include the amount of food purchased for children on this line. As in alternative to actual food purchased, you may list the number of breakfasts, lunches, dinners and snacks provided and claim the standard meal rates. The rate amounts change from year to year.
_____ Taxes and Licenses
_____ Meals and Entertainment
_____ Travel
_____ Utilities (for non-home based businesses). See pg. 2 for home based businesses.
_____ Wages/Commissions Paid
_____ Other Expenses (list detail)
_____ Other Expenses (list detail)

Number of breakfasts provided:	_____
Number of lunches provided:	_____
Number of dinners provided:	_____
Number of snacks provided:	_____
(up to 3 snacks/day)	_____

Vehicle Mileage Deduction

- Typically it's more advantageous to claim the standard mileage allowance rather than actual expense.
- If you claim a home office, anytime you leave your home related to your business, is deductible.
- If you don't claim a home office deduction, transportation between your home and your first job is not deductible. however, travel from your 1st job to your 2nd job is deductible.
- You should keep a log book or some other form of documentation supporting your business miles.

- _____ 1) Did you use your vehicle for business travel?
- _____ 2) Make of vehicle
- _____ 3) Business miles for vehicle
- _____ 4) Total miles for vehicle (business + personal)
- _____ 5) If you have a loan on this vehicle, what was your interest expense for the vehicle?
- _____ 6) If you had a loan on the vehicle, was it an auto loan or home equity loan?

Definitions:

Self-Employed: You are considered self-employed if: you provide a good or service for which you are paid and you are not an employee or a corporation. You would not receive a W-2 at the end of the year.

Inventory: Product items that you buy with the intention of reselling.

Supplies: Items that you buy and use in your business but do not intend to resell.
This can include product displays and samples.

Year-End Inventory: For items you sell, at the end of the year, you need to count the product you have on hand and document the amount you paid for it.

Small Business Receipts

- Commissions for selling a product
- Receipts for items sold directly to customers
- Receipts for labor or professional services

Commissions: Keep track of all the check or cash amounts you receive from the parent company for the products you sold. If you get a discount on product orders (rather than a commission check) don't record that here. We will address that in the product purchase section.

Sale of Products: Keep track of the gross amount you received for the sale of items that you had in your inventory. For example, if you purchased inventory for \$50 and you sold it for \$100, you would record the \$100 here. If the \$100 includes sales tax (that the parent company is processing for you) include the \$100 as gross receipts.

There may be times when a customer orders product that you don't have in your inventory. They make the check out to you and you in turn make it out to the parent company for the same amount. For example, you have a party and 5 people order products. They all make the checks out to you and the total is \$500. You in turn make a check out to the parent company for \$500 and order the product. In this example you are not selling part of your inventory you are acting more as a middle person. You will most likely receive a commission or a discount on product as payment. In this example, you would not record the \$500 as income and the \$500 as expense. You would however record the commission check as income.

Product Purchases: There are typically two types of product purchases - inventory and supplies

Inventory Purchases: You will need to keep track of the amount for purchases of inventory you intend to resell. You do not adjust for sales tax, discounts, or anything else.

Example: You need to order product and you pay \$500 for it (you plan on selling it for \$800). You record \$500 as your purchase amount. If the items would have normally cost you \$600 (but you are receiving a \$100 special discount for a commission) you still only record \$500 as the purchase amount.

Supplies: These are not inventory amounts; you would not plan on selling these items. This is for items like samples, gifts and misc. items used in your business.

Other Expense:

Advertising: For example websites, newspaper advertisements, flyers.

Business Insurance: For example liability insurance, equipment insurance, malpractice insurance. This won't include your vehicle insurance if you claim the standard mileage allowance.

Interest on Business Loans This is strictly loans for your business. This would not include interest on car loans or your home.

Legal and Professional This could be lawyer fees, perhaps tax preparation fees related to your business.

Office Expense For example general office items, paper, pens, etc.

Lease Expense For example leasing an office or equipment

Repairs and Maint. This would not include your vehicle or house, just assets related to your business.

Supplies Expense For example product samples and other items not fitting in the office category.

Taxes and Licenses This is not income tax or sales tax. If you have a business license, that expense would go here.

Meals and Entertainment If you discuss business over a lunch, you make take the deduction. If you travel overnight away from your home for business, you can deduct meals. If you entertain clients and discuss business, you can deduct that as well.

Wages/Commissions If you pay employees a wage or commission, you deduct that here.

Business Use of Home If you have a part of your home that you use exclusively for your business or for the storage of inventory, you can deduct certain expenses. See detail later.

Business mileage You can deduct mileage related to your business. The amount of mileage you claim depends on if you use a portion of your home for business.

Equipment You will need to list out the equipment you use in your business. Generally items lasting over a year and over \$100 is considered equipment. You will need to document the percent of business use vs. personal use. If you owned the item before you had your business, you will need to determine the lower of the original purchase price or current value.

Utilities If you rent an office, please list utilities paid. If you have a home office, see the home office deduction section.