



Quick Guide to Getting Your Records CPA and Tax Ready

Below is a comprehensive checklist for businesses to ensure accurate end-of-year financial statements and get their records ready so that their taxes can be prepared.

1. **Organize Financial Documents** - To ensure an accurate Income Statement and Balance Sheet

- Gather receipts for purchases made but not yet paid for (accrued expenses).
- Gather receipts for items paid for in advance (prepaid expenses).
- Gather your end of year statements for each of your bank and credit card accounts and confirm that the balances match your accounting records. If the balances do not match, record any missing transactions.
- Gather receipts for large purchases such as machinery and equipment so that the assets can be added to your depreciation schedule.
- Gather any new agreements entered into during the year (vendor agreements, customer contracts, loan agreements, etc.).
- Compare loan balances per your accounting records to loan balances per your lender's records, statement, or amortization schedule. If the two numbers are different, make sure you understand why.
- Notate any transactions recorded in your accounting system that you have questions about so that they can be discussed with your CPA.
- Gather support for any payments received in advance for products not yet provided or services not yet rendered (deferred revenue).

2. **Review Accounts Receivable** – Look for any old outstanding invoices and make determinations as to the probability of the amounts being collected (assessment for bad debt write-offs).

3. **Inventory Valuation**

- Perform an end-of-year physical inventory count and update inventory records as needed.
- Identify the value of any items in inventory that are obsolete or damaged so that they can be written off.

4. **Fixed Assets Valuation**

- Perform an end-of-year audit/inventory of fixed assets so that your accounting records can be updated for any items that have been disposed of, lost, or damaged during the year.



5. Prepare for Employee-Related Taxes

- **W-2 Forms:** Ensure all W-2 forms are ready to distribute to employees by January 31. Ensure that employee data is accurate and that you have adequate contact information for terminated employees.
- **1099 Forms:** Ensure that you have W-9s on file for vendors so that you can determine which ones need to receive a 1099. Prepare 1099 forms for independent contractors or vendors paid \$600 or more during the year. Payments to corporations (including LLCs taxed as S-Corps or C-Corps) do not require a 1099-NEC form, with some exceptions such as for legal services.
- **Payroll Taxes:** Verify all payroll taxes have been accurately calculated and filed, including federal and state withholdings.

6. Schedule a Meeting with Your Accountant

- Review all documentation with your accountant to ensure everything is in order.
- Discuss any changes in tax laws or new deductions that may apply to your business.
- Plan for any tax planning strategies to minimize liability for the upcoming year.
- Make recommended adjustments, if any, to your general ledger so that your final year end financial statements are accurate.

7. Update Tax Filings

- Review, sign, and submit tax filings or tax extensions by the necessary deadlines.