

KJ Tax & Accounting, LLC

Corporation/Partnership Year-End Client Checklist

2016 Year End, 2017 Tax Season

Happy New Year from all of us at KJ Tax & Accounting, LLC!

In efforts to maximize KJ Tax & Accounting, LLC tax return preparation efficiency and in turn keep your tax return preparation fees as low as possible, KJ Tax & Accounting, LLC has developed the following list of items that need to be performed and submitted before tax return preparation can begin. **If you are a QuickBooks Desktop user these items should be performed prior to submission of an “Accountants’ Copy” to KJ Tax & Accounting, LLC for tax return preparation purposes. If you are a QuickBooks Online user, no “Accountant’s Copy” is necessary.** If these items are not performed and need to be performed by KJ Tax & Accounting, LLC additional tax return preparation fees may apply. KJ Tax & Accounting, LLC utilizes a dual tax return preparer and reviewer system. To streamline the tax return preparation system and keep down preparation costs to you, it is common to have the tax return preparer contact you initially for clarification/documentation. Then during the review process if the reviewer has additional questions they will call you for additional clarification/documentation. Therefore, the tax return is not bouncing back and forth absorbing unnecessary time and expense to you.

REQUESTED ITEMS:

*Please note not all requested items may pertain to your business.

- If your QuickBooks file title bar indicates “Accountant’s Changes Pending”, please call Jim Bitzan 262-664-7400 x101 or e-mail aosjim@wi.rr.com so he can help facilitate a smooth and proper import of your Accountant Changes to your file.
- QuickBooks Desktop** users please reconcile the bank accounts within QuickBooks before an Accountants’ Copy is submitted to KJ Tax & Accounting, LLC. Please use 12/31/16 as the reconciliation date. The QuickBooks Accountants’ Copy should have a closing date of 01/01/2017.
- Please provide a copy of any checking or saving account bank statements as of 12/31/16. If you are a non-QuickBooks user, please submit a copy of your year-end bank reconciliation.
- Accounts Receivable – please review the detailed accounts receivable list for any accounts that should be written off at year-end due to collection issues and adjust accounts receivable accordingly before an Accountants’ Copy is submitted to KJ Tax & Accounting, LLC.
- Inventory – please review your detailed inventory list for any obsolete inventory and adjust the detailed inventory accordingly. If inventory is estimated at year-end, please adjust the inventory account for your year-end estimate.
- Fixed Assets – please provide detailed documentation (invoices) for any asset additions or disposals made during the year.
- Prepaid Insurance/Other assets –please review these accounts for accuracy.

- Accounts Payable – please review the detailed accounts payable list for accuracy. Please adjust any vendor balance with negative amounts or balances not deemed owed. Make sure all payables are booked if on the accrual method of accounting before an Accountants’ Copy is submitted to KJ Tax & Accounting, LLC.
- Payroll Liabilities – please tie balance sheet payroll liability accounts to the year-end detailed payroll reports. If there is a discrepancy, please contact KJ Tax & Accounting, LLC for assistance in correcting the error.
- Sales Tax Payable – please reconcile this account balance to the detailed sales tax report.
- Other Liabilities – please record the proper outstanding balances for real estate/property tax/insurance/etc., owed at year end.
- Credit Card Balances – please record all credit card balances as of 12/31/16 which ties to a credit card statement. Please submit a copy of the credit card statement to KJ Tax & Accounting, LLC.
- Loan Balances – please adjust the balance sheet loan balance accounts to the actual amount outstanding as of 12/31/16. Please submit a copy of the loan statement as of 12/31/16 to KJ Tax & Accounting, LLC.
- Please review Owner’s Equity accounts for appropriate balances.
- Please review Travel expense accounts for accuracy. Travel expenses are an audit trigger for the IRS, please make sure these are business related expenses.
- Please review Donations for accuracy. Any donation over \$250 should have documentation to substantiate the deduction.
- Please provide a reconciliation of health and accident insurance premiums provided to corporate owners and partnership partners. Health and accident insurance premiums for 2% or greater S-Corporation Owners should be added to their W-2 Box 1 wages, DO NOT include health insurance premiums in Box 3 or Box 5 on the W-2. If health insurance premiums are not recorded properly the IRS will disallow the deduction on the owners Form 1040 line 29.
- S-Corporation employee-owners are required to take a “reasonable” salary from the company in the form of W-2 wages. The number one reason for S-Corporation audits is owners not taking a salary; if you need assistance please contact KJ Tax & Accounting, LLC.
- Interest and dividend income are separately stated items on Form K-1, please provide documentation to support this income.
- Domestic Production Activities Deduction. Qualified activities include manufacturing based in the US, construction services in the US, including building and renovation of residential and commercial properties. If you qualify for this deduction, please include a reconciliation of revenue related to qualifying activities.

Based on the checklist the following documents need be submitted for tax return preparation purposes:

- A QuickBooks Accountants' Copy with a closing date of 01/01/2017 NOT 12/31/2016.
- KJ Tax & Accounting, LLC utilizes paperless office technology therefore all documents get scanned into our system. Please avoid using staples, paperclips, colored paper, Post-it notes (**YELLOW ONLY**), use **YELLOW highlighting only**; all other highlighter colors scan black. Do not fold documents if possible. Take everything out of original envelopes.
- A copy of this checklist with any applicable notes and documentation.
- Bank Statements as of 12/31/2016 for all bank accounts.
- Credit Card Statements (which included the date of 12/31/2016). Many Credit Cards do not end on the last day of the month so please make sure the submitted statement includes 12/31/2016.
- All bank loan statements as of 12/31/2016.
- Reconciliation of health and accident premiums paid on the behalf of owners.
- Third party documentation supporting interest and dividend income.

Please note in accordance with KJ Tax & Accounting, LLC policy corporate/partnership tax returns will not be filed until payment is received for tax return preparation services. For tax years beginning after 2009, the late filing penalty for an S corporation and partnership return is \$195 for each month or part of a month (up to 12 months) the return is late (or does not contain the required information) multiplied by the total number of persons who were shareholders/partners in the corporation/partnership during any part of the corporation's/partnership's tax year.

Two new service offerings from KJ Tax & Accounting, LLC, LLC.

- 1) A copy of your corporate tax return will be delivered to you via Secure Drawer which is a secure document delivery system. The tax return will be available for 7 Years for you viewing or download. The fee for this service is already included in your return.
- 2) The IRS is targeting small business for increased inquiry and audit. KJ Tax & Accounting, LLC is requiring "insurance" for this situation. For a \$48 charge, we will provide four hours of time if you receive an inquiry or audit letter. The "insurance" is charged at the time of the tax return preparation.

Have you considered KJ Tax & Accounting, LLC, LLC's QuickBooks in the "cloud" service? Do not buy QuickBooks again and no more Accountants' Copies. Call for details.

If you have any questions or need clarification please contact Jim Filicetti, CPA at kjtax@kjtacct.com or call 262-363-2930 x102. Also, visit www.kjtaxcpa.com for additional information.

Thank you for your business. We appreciate it very much.

Sincerely,

James N Filicetti, CPA