

Business Expenses - Checklist

- q Any item or service **required** for the operation of the business
- q Interest or charges paid to creditors, suppliers, and banks
- q Clothing if it is a standard uniform required for all employees, or safety related
- q Meals and Entertainment expenses related to customers, suppliers, consultants, professionals or while discussing business issues with management, shareholders or employees. An employer is allowed to provide overtime meals or a reasonable allowance without worrying about a taxable benefit to the staff if they have worked for 3 or more hours after scheduled work hours and overtime is infrequent and occasional (less than 2 times per week).
- q A business can pay for professional dues, or organization fees for its employees.
- q Advertising or promotional items – examples include jackets with company logos, flowers/gifts or advertising items to a customer, supplier, consultant etc.
- q Training for employees or management/owners.
- q Footwear and/or gloves required for safety as in steel toed boots
- q Assets – furniture, equipment etc. under \$200.00 [otherwise it is a capital purchase and expensed over the life of the asset – you need to bring in the receipts at year end]
- q All automobile expenses including gas, oil changes, insurance, parking, repairs, car washes, interest or details on a loan, auto club fees and log book detailing business and personal mileage
- q **OR** Mileage log detailing business use for \$ per km reimbursement plus parking expenses while away from the normal business office. If the business is paying for parking for its employees at the normal place of business, it will be a taxable benefit to the employee unless specific conditions are met. Please inquire if this is an issue.
- q WCB invoices
- q Local municipal taxes and/or fees

- q If your business is subject to other taxes, please provide details, returns and assessments
- q Payroll deductions
- q Legal fees, minute book update, annual return filing fees
- q A business can deduct the cost of up to 2 gifts per employee totaling less than \$500.00 in total for special occasions such as birthdays, Christmas, weddings etc. However, the gifts can not be cash or similar to cash such as gold or gift certificates.

A business can also deduct the cost of up to 2 gifts per employee totaling less than \$500.00 in total for employee achievement for example number of years of service, accident free for a set term, etc. Again, the gifts can not be cash or cash equivalents.

Beginning in 2010 owners/shareholders do not qualify for gifts and awards even if they are employees.

- q Invite all your employees to your next Christmas party or other party. As long as all employees are invited, the reasonable costs of a party can be deducted and tax free to the employees. The accepted reasonable amount is approximately \$100.00 per person.
- q Employers can provide an employee with a computer or a credit towards a computer tax free.
- q There are special tax-free travel benefits if the employee is gone more than 36hours at a time, and the location is so remote that they can not be expected to set up residence there. The employee must maintain a home elsewhere.
- q It is tax free for an employer to provide employees with counseling services in respect of physical and mental health, employment training, or for retirement.
- q Health Care plans – as long as they are available to all employees, although it is okay to limit availability among types of employees. For example – all management staff, or fulltime staff could be eligible.

Lease Agreements and Loans

- q Rental equipment, furniture or vehicles agreements and payment details, how these are treated in your bookkeeping will depend on the terms of the agreement.
- q Property/office space agreements and payment details

- q Copy of all loan documents and/or credit facility agreements

Office expenses - including an office in your house:

- q A portion of the home expenses are expensed through the company if the office is in the house, please provide approximate square footage of the office and the entire home.
- q Utility bills
- q Rent or Mortgage Repayment Summary for the year
- q Insurance – copy of first page showing dates of the policy
- q Long Distance used for business, and dedicated business line receipts
- q Property taxes
- q Bills for maintenance and repairs

The above article is intended to be of a general nature only and is provided for the reader's informational purposes. Please note the use of the term employee does not always include the owner or shareholder of a business. This article does not constitute professional accounting advice nor is it related to a particular factual situation. Should you have any questions regarding any accounting matter you should consult with a professional accountant. The above article is a general description of business expenses and does not cover all of the available information

Prepared for you by: **Small Business Accounting Professionals.**

For more information please call 269-SBAP or 269-7227.

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