|  |  |
| --- | --- |
| 2775 W US-22 Suite 3  Maineville, OH 45039  (513) 900-9513  <https://heritageincometax.com> |  |

**Information required to prepare your corporation tax return**

|  |  |
| --- | --- |
| 1) | A copy of the last corporation tax return filed with the IRS, state, & city. |
| 2) | The filing receipt you received from the state where the business was incorporated. |
| 3) | The corporation's federal Employer Identification Number (EIN) obtained from the IRS and the State Identification Number from the state where it was incorporated. |
| 4) | Documents filed and accepted by the IRS and the state if the corporation has elected to file as a subchapter S corporation. |
| 5) | A copy of your state sales tax certificate. |
| **Business Income** | |
| a) | Gross income received from all sources including forms 1099 received from other companies for subcontract work that your corporation has done for them during the tax year (IRC Section 61). |
| b) | Interest earned on your business savings, investment, and checking account(s) during the tax year. |
| c) | Income from other sources received during the tax year. |
| **Expenses and Capital Expenditure** | |
| 1) | You can prepare and deliver to me a copy of the year-end worksheet that includes the trial balance, adjustments/adjusting entries, income statement, and balance sheet (GAAP/IFRS recognized). |
| **or** | |
| 2) | You can prepare and deliver to me the corporation's gross income obtained from all sources (IRC Section 61), plus a list of itemized business-related expenses that the company has paid or incurred during the year (IRC Section 162).   |  |  | | --- | --- | | (a) | Copies of Forms W2 and W3 employees payroll information | | (b) | Copies of Forms 1099 showing the amount that you paid to subcontractors and others that worked for you. You paid them with cash or checks and you did not withhold tax from their pay, therefore, you would not receive a tax break for the amount of money that you paid them if you did not report what you paid them on Forms 1099 (employees vs. independent contractors). | | (c) | Copies of sales tax returns that you filed with your state sales tax department and the cancelled checks or credit card statements showing proof of payment. | | (d) | Capital assets (property & equipment) purchased (IRC Sections 197, 263). | |
| All the expenses that the corporation incurred during the tax year may not be fully deductible in the year they were paid or incurred. Some of these expenses may have to be amortized/prorated over several years in accordance with the internal revenue code (expense vs. expenditure). The Internal Revenue Service (IRS) and the Securities Exchange Commission (SEC) are carefully monitoring this area following the accounting shenanigans at almost every corporation, including Enron, Worldcom, Global Crossing, etc. | |
| **Organizational and Start-up Costs** | |
| Amount paid for organizational expenditure under IRC Sections 195(b)(1), 248(a)(b) and 263 to incorporate the business, perform market search, perfecting and defending title to the property. Effective with expenses incurred and paid after October 22, 2004, taxpayers can write off up to $5,000 of startup costs (IRC 195) and up to $5,000 of organization costs (IRC 248 and 709) in the year a new corporation receives income. (These amounts are reduced if the taxpayer has cumulative startup and organization expenses in excess of $50,000. The reduction is dollar-for-dollar for any extra expenses.) The remaining costs must be amortized on a straight-line basis over a period of 15 years. The former 60-month period no longer exists for new costs. This provision is effective for costs incurred after October 22, 2004, although costs incurred on or before October 22, 2004 are taken into account for the $50,000 limitation. | |

**What are the chances the IRS will audit your company?**  
  
According to the IRS enforcement results, audit of small business has increased 145 percent from 7,297 to 17,867 this fiscal year and audit of large corporations with assets over $10 million has increased by 14 percent. Officials at the IRS have expressed their intention to audit a larger number of businesses every year.