

# CANADIAN SMALL BUSINESS TAX CHECKLIST

We want business owners to get every tax credit and deduction they're entitled to.

## The two business structures H&R Block Canada services are:

- **Sole-proprietorships**

If you are a sole proprietor you do not need to file a separate tax return for your business income, you report your business income on your personal tax return (T1).

- **Small corporations**

If you run your business through a corporation, you have to file a separate return (T2) for your business income because your corporation is a separate legal entity under the Canadian Income Tax law.

## What you need when filing:

### Sole proprietor:

- All your T-slips for the year
- Information of any other income
- Business income and expenses compilation for the year to be filed – if bookkeeping is completed
- Invoices and receipt, payroll information and GST/HST returns – if bookkeeping needs to be completed

### Corporation:

- All T-slips the corporation received
- GST/HST return(s) for the tax year
- Financial statements – if already prepared
- Invoices and receipts, payroll information and GST/HST returns – if bookkeeping needs to be completed
- Last year's return
- Copy of incorporation papers
- Latest Notice of Assessment
- Accounts receivable at end of fiscal year
- Amounts payable at end of fiscal year
- Employee deductions payable at end of fiscal year

## Business Income

- Gross receipts from sales or services
- Sales records
- Returns and allowances
- Business chequing/savings account interest
- Other income
- Cost of Goods Sold (if applicable)
- Accounts receivable at end of fiscal

## Inventory

- Beginning inventory total dollar amount
- Inventory purchases
- Ending inventory total dollar amount
- Items removed for personal purposes
- Materials and supplies

## Expenses

- Advertising
- Business insurance – for business assets, liability
- Vehicle expenses – fuel, insurance, lease/bill of sale, payments with interest, repairs, maintenance, parking, car washes
- Mileage log or kilometers driven for business purposes
- Payroll data for employees; PD7A; statement of account for current source deductions
- Other employee expenses
- Professional fees – lawyers, accountants, and consultants
- Office supplies
- Interest expense – business loans, investments expenses and interest
- Travel
- Rent/Property tax
- Utilities
- Accounts payable at end of fiscal year
- Meals and entertainment: Receipts should have a list of who attended and the purpose of the meeting/event. Generally, 50% deductible, including gift certificates. Note: if you provide M&E to all your employees 100% can only be claimed for special events (up to 6 times per year). Exceptions for events that benefit registered charities.

## Home Office Expenses

If you work out of your home, you may be able to deduct a portion of your home offices expenses. The tax rules differ, depending on whether you file as a sole proprietor or for a corporation. These expenses include:

- Mortgage interest (not principal) or rent
- Property tax payments
- Utilities
- Home insurance payments
- Home maintenance and repair costs
- Cable/Internet