



Organization is essential for preparing tax returns efficiently. While most individuals focus on April 15 as the key time for tax filings, corporations must file by March 15 each year - or file an extension. To meet this filing deadline, now is the time to organize your records.

Corporation Tax Organization (1120-C Corporations and S Corporations)

Below is a tax preparation checklist to help you organize your records for your preparer:

- Provide a general ledger, trial balance, depreciation schedules, balance sheet and profit and loss statement.
- Copies of correspondence with tax authorities regarding changes to prior year returns.
- Details of changes in stock ownership.
- For each corporate officer provide SS#, compensation, percentage of ownership and time devoted to business.
- Schedule of loans to/from shareholders, officers and related parties including interest rates and payment schedules.
- Detailed analysis of entries in prepaid, accrued, and income tax expense accounts, including dates and amounts of all federal, state and local income tax payments and refunds.
- Copies of Forms 1099, 941, 940, 5500, 1042 and W-2 that have been filed.
- Schedule of all interest and dividend income.
- Schedule of assets acquired and/or sold during the year including date acquired, date sold sales or purchase price, including any trade-in allowance.
- Copy of the inventory uniform capitalization computation.
- Schedule of contributions.
- Detail of any lobbying expenses.
- List expenses, such as penalties and life insurance premiums.
- Schedule of any club dues paid.
- Vehicle and mileage data for company-owned passenger vehicles.
- Details of miscellaneous income/expense accounts.
- Furnish total of meal and entertainment expenses.
- List of activities conducted in other states.

In addition to the items above, S Corporations need to provide the following information:

- For each shareholder provide ID#, compensation, percentage of ownership, time devoted to business, date ownership acquired, and detail of distributions received.
- Schedule of all fringe benefits paid on behalf of more than 2% shareholders and indicate which benefits have been included in their Form W-2.
- Schedule of built-in gains.
- List each type of trade or business activity or rental activity and indicate the date started or acquired.

Extension

The IRS created a uniform business extension filing process in 2006. Now, one needs to simply file form 7004 to receive an automatic six-month extension to file the corporate tax return. This effectively means the return is not due until September 15 each year.

The form is an extension to file the corporate tax return. It is not an extension to pay the taxes the corporate entity owes the federal government. If you do not pay the taxes due at the March deadline, the business may incur interest and penalties on any taxes due when the return is filed in September. Pre-revenue clients and clients in a loss position can easily file their returns on September 15th because no taxes are due. But, they do have to pay the minimum tax due to the state in which the entity is incorporated.

We Can Help

RH Tax Services prepares tax returns for both corporations and individuals. If you outsource your accounting department to RH Tax Services, the above tax preparation is already included in your service. If you would like a quote for your company, please call us at (760) 230-9484 or send us an [email](mailto:ross@rhtaxservices.com) at ross@rhtaxservices.com

