



## SELF EMPLOYMENT & PARTNERSHIP INCOME & EXPENSE CHECKLIST / WORKSHEET

Please consider using the following as a checklist and/or worksheet to help gather the right information and documentation to assist us in preparing your **Statement of Business or Professional Activities (T2125)**

Client Name _____	<b>Note:</b> You must register for GST/HST if your income is \$30,000 or more
Business Name _____	Business (GST/HST) Number _____
Business Address _____	Type of Business _____

\* If you are a GST/HST registrant and have filed your own GST/HST Return(s), please provide us with a copy.  
 If you are a GST/HST registrant and have not filed your own GST/HST Return(s), please record the **total cost** in the column marked **"Expense"** and the amount of GST/HST paid in the column marked **"GST/HST"**

REVENUE				
Sales (before GST/HST)				
GST/HST Collected				
<b>COST of SALES</b>		<b>Total Exp (\$)</b>	<b>GST/HST (\$)</b>	
Opening Inventory	_____			
Closing Inventory	_____			
Purchases	_____			
Subcontracts	_____			
Direct Wages	_____			
Other Direct Costs	_____			
<b>OPERATING EXPENSES</b>				
Advertising	_____			
Meals & Entertainment	_____			
Insurance	_____			
Taxes, Licenses, Dues, Memberships	_____			
Office Expenses	_____			
Legal & Accounting	_____			
Rent (business property)	_____			
Salaries & Wages	_____			
Travel	_____			
Telephone	_____			
Utilities	_____			
Other (provide description)	_____			
_____				
<b>CAPITAL EXPENSE</b> (provide description)	_____			

  

BUSINESS USE OF HOME			
<i>Complete this section if you used a home office and wish to claim the expense.</i>			
Square footage of office	_____		
Total square footage of home	_____		
Heat			_____
Electricity			_____
Insurance			_____
Maintenance			_____
Mortgage interest ( <i>obtain statement from bank</i> )			_____
Property taxes			_____
Rent			_____

  

AUTOMOBILE EXPENSES			
<i>Please use this section to claim business use of your automobile. Note that CRA has increased scrutiny on business auto expenses and have disallowed claims where no logbook was used to track usage.</i>			
<b>VEHICLE SPECIFICATIONS:</b>			
	Year	Make	Model
<b>BUSINESS USE:</b>			
Odometer	Jan. 1	Dec. 31	km bus. Use
<b>EXPENSES:</b>		<b>Total Exp (\$)</b>	<b>GST/HST (\$)</b>
Fuel and Oil		_____	_____
Loan interest (request stmt from bank)		_____	_____
Insurance		_____	_____
License and registration		_____	_____
Maintenance		_____	_____
Lease payments		_____	_____
Parking		_____	_____

*(See next page for Income & Expense Overview)*

# INCOME and EXPENSES OVERVIEW

Source: Canada Revenue Agency RC4070 Information for Canadian Small Businesses

## Income

Business income includes money you earn from a profession, a trade, a manufacture or undertaking of any other activity you carry on for profit and there is evidence to support that intention. During the year, you may receive income from your business and from sources other than your sales. If they relate to your business, you have to include them in your business income.

## Inventory and Cost of Goods Sold

To compare expenses against income, you need to do an annual inventory. This is usually a list of goods held for sale. The value you place on the items in your year-end inventory is important in determining your income.

## Expenses

A business expense is a cost you incur for the sole purpose of earning business income. You have to support business expense claims with a sales invoice, an agreement of purchase and sale, a receipt, or some other voucher that supports the expenditure

The general rule is that you cannot deduct outlays or expenses that are not related to earning business income.

**Advertising** - You can deduct expenses for advertising, including ads in Canadian newspapers and Canadian television and radio stations. You can also deduct any amount you paid as a finder's fee.

**Meals and entertainment** - The maximum part you can claim for food, beverages, and entertainment expenses is 50% of either the amount you incur or an amount that is reasonable in the circumstances, whichever is less. (please provide us with the full cost of the expense - we will calculate the allowable portion). It is recommended you write the purpose of the meeting and names of attendees on the receipt, in case of a CRA audit

**Insurance** - You can deduct all regular commercial insurance premiums that you pay for buildings, machinery, and equipment that you use for your business. Note: this does not include life insurance premiums.

**Interest and bank charges** - You can deduct the interest you pay on money you borrow to run your business. Note: this does not include interest and penalties paid on your income tax.

**Business tax, fees, licenses, and dues** - You can deduct any annual license fees and business taxes you incur to run your business. You can also deduct annual dues or fees to keep your membership in a trade or commercial association. You cannot deduct club membership dues if the main purpose of the club is dining, recreation, or sporting activities.

**Office expenses** - You can deduct office expenses for small items such as pens, pencils, paper clips, stationery, and stamps. However, you cannot deduct expenses for capital items (items of lasting value) such as calculators, filing cabinets, chairs, and desks. You may be able to claim Capital Cost Allowance (CCA) on these items.

**Supplies** - You can deduct the cost of items the business used to provide goods or services.

**Accounting and legal fees** - You can deduct the fees you incurred for external professional advice or services, including consulting fees. You can deduct accounting and legal fees you incur to get advice and help in keeping your records. You can also deduct fees you incur for preparing and filing your income tax and GST/HST returns.

*(See previous page for Income & Expense Checklist/Worksheet)*

## Expenses (continued)

**Management and administration fees** - You can deduct management and administration fees including bank charges incurred to run your business

**Rent** - You can deduct rent incurred for property used in your business. The rent expense related to a "home office" has to be claimed in the section "Business-use-of-home".

**Maintenance and repairs** - You can deduct the cost of labour and materials for any minor repairs or maintenance done to property you use to earn income. However, you cannot deduct the value of your labour.

**Salaries and wages (including employer's contributions)** - You can deduct the cost of salaries you pay to employees. Note: this does not include salaries or wages (including draws) paid to self, partner(s), or both.

**Travel** - You can deduct travel expenses you incur to earn business and professional income. Travel expenses include public transportation fares, hotel accommodation, and meals. (in most cases, the 50% limit applies to the cost of meals when you travel.

**Telephone and utilities** - You can deduct expenses for telephone and utilities (such as gas, oil, electricity, and water), if you incurred the expenses to earn income. The expenses for utilities that are related to a "home office" have to be claimed as a part of "Business-use-of-home"

**Delivery, freight, and express** - You can deduct the cost incurred in the year of delivery, freight, and express that relates to your business.

**Motor vehicle expenses** - If you use a motor vehicle for business and personal use, you can deduct only the part of the expenses that you paid to earn income. You can deduct the full amount of parking fees related to your business activities. To support the amount you can deduct, keep a record of the total kilometres you drive and the total kilometres you drive to earn income.

**Keeping Records: You can deduct motor vehicle expenses only when they are reasonable and you have receipts to support them. To receive the full benefit of your claim for each vehicle, keep a record of the total kilometres you drive and the kilometres you drive to earn business income. For each business trip list the date, destination, purpose, and number of kilometres you drive. Record the odometer reading of each vehicle at the start and end of the fiscal period.** In the event of a CRA audit, failure to produce a logbook will result in your claim for vehicle expenses being disallowed.

**Business-use-of-home** - You can deduct expenses for the business use of a work space in your home, as long as you meet one of these conditions:

- \* it is your main place of business, or
- \* you use the space only to earn your business income and to meet your clients or customers..

To calculate the part you can deduct, use a reasonable basis, such as the area of the work space divided by the total area of your home.

**Capital Cost Allowance (CCA)** - If you use a property you own that has lasting value (such as a building, motor vehicle, or equipment), in your business, you might be able to claim CCA at prescribed rates.