



GUIDE

Year-End Accounting Checklist

What Small Businesses Need
to Know to Get Prepared for
Tax Season





What Small Businesses Need to Know to Get Prepared for Tax Season

Maintaining good business accounting records throughout the year is a business's lifeline. Accurate and current financials are extremely important to evaluate past performance, confirm the business's current financial status, and make educated business decisions in the future. As tax season approaches, many business owners scramble to gather boxes of receipts, invoices and bank statements to piece together how their business did, often not creating a fully accurate picture of the company's performance. Sensiba is sharing our checklist to prepare for meeting with your tax advisor. Whether you have a business accounting software that you use periodically, or you are sorting through bags of paperwork to create a recap of business income and expenses for the year, this guide can help you navigate the stress of tax season.

Year-End Accounting Checklist

- ☐ **Get an accounting software or accounting assistant to help you get organized.**

Accounting software is essential in helping you get organized. Your businesses size and number of financial transactions will determine the type of accounting software you need. It should be able to grow with your business and be a system you feel comfortable using. If you're not comfortable doing the accounting or using the software you've chosen, seek the advice of professionals who can help you. An accounting professional will be able to explain your financial documents and software. They'll then work with you to analyze and project your business's financial future.

For recommendations on accounting solutions, reach out to our team.

□ Gather, organize, and save all business records.

We begin to think about gathering all important business documents, physical or virtual, around yearend or at tax time. But the right to moment to gather and organized business documents is when a business transaction occurs. It is imperative to create a tangible or virtual filing system that captures each transaction in real time and has a reliable backup, so no information is lost. Proper documentation is necessary for accurate financials and tax returns but is crucial if you are ever audited. Below are some basic business documents you should maintain; however, consult with your tax professional on other documents that might be necessary:

- ◆ Bank and credit card statements
- ◆ Petty cash records
- ◆ Invoices and receipts
- ◆ Sales records
- ◆ Inventory counts
- ◆ Loan documentation
- ◆ Purchase documents for major assets
- ◆ Insurance documents
- ◆ Payroll reports and employee records
- ◆ Prior year tax returns and compliance reports

□ Evaluate the business financials for accuracy.

Disorganized business documents create inaccurate financials and can increase chances of errors on the business tax return and bad future business plans and decisions. Even if you are using an accounting system to help you get organized, you need to watch out for the trap of “garbage in...garbage out.” Review the financials - balance sheet, income statement, and cash flow statement - to make sure these documents reflect what occurred in the business.



About Sensiba

Sensiba is an award-winning tax, audit, and business advisory firm focused on long-term relationships, long-term results for our clients, and long-term impact to our communities and the environment.

We are passionate about the work we do, the industries we serve, and helping our clients achieve their business goals. As a testament to this, many of our clients have worked with us for over 20 years, and our firm has been consecutively awarded Best of Accounting for Client Satisfaction. We're proud to be a Certified B Corporation, which means we meet rigorous standards of social and environmental performance, accountability, and transparency.

For more information on Year-End Accounting, contact our team:

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