

We do a significant amount of business preparing 1065 and 1120 returns.

To make you, the business-person comfortable during an IRS audit, we encourage you to organize your business tax input information according to the following format, which, we have found, has traction with the IRS auditors and keeps you from getting too confused in a particular tax year.

FIRST -- get your business checking account ending balance for the year you are doing the tax return for. Usually, for many businesses, this is December 31st, close of business. For your business, this number is _____.

SECOND – get your business checking account ending balance for the prior year. Usually, for many businesses, this is December 31st, close of business. For your business, this number is _____.

THIRD – calculate the difference between the two checking account closing balances. For your business, this number is _____.

ORGANIZE – all of your listed business income less all of your listed business expenses should come out to penny to the number you calculated in the third line above.

As simple-minded as this strategic attitude is, it works with auditors and it works for overworked business people trying to reconstruct activity during any particular tax year.

Providing your tax input information in this format will generally keep an IRS auditor satisfied and will enable you to sleep at night and focus on running and growing your business.