

# Tax checklist 2021 - for self-employed individuals

## Income

- Records of business income if you are an independent contractor or self-employed (you are considered self-employed if you received 1099-NEC or 1099-K)

## Cost of goods sold

- Inventory value at the start of the year and end of the year
- Purchases of goods/merchandise during the year
- The above applies to retail businesses; for manufacturing businesses, calculations are more complex

## Expenses

- Advertising and promotions
- Business meals (restaurant meals are deductible at 100% in 2021 and 2022); entertainment expenses are no longer deductible
- Computer and website
- Continuing education
- Dues and subscriptions
- Health insurance costs (not deductible if provided by an employer)
- Liability, professional indemnity or premises insurance
- Internet (estimate a business use percentage of internet at home)
- Licenses and permits
- Office supplies and expenses
- Postage
- Professional fees
- Rent, repairs and maintenance (not home-office related)
- Telephone (estimate a business use percentage of your personal cell phone)

## Business use of home

- This applies only if you use any area of your home exclusively for business/storage
- Square footage of business space and total square footage of the home
- Direct expenses (these apply only to business space, e.g. painting your home office)
- Indirect expenses (apply to the entire property: rent or mortgage interest, insurance, property taxes, utilities, general repairs, maintenance, security system, etc.)
- Date and purchase price of home plus improvements (for depreciation)

## Mileage records

- Make and model of vehicle used for business
- Business miles and total miles added to the vehicle during the year
- Mileage log does not need to be provided but should be maintained for audit purposes along with vehicle records showing its mileage

## Covid relief

- Did you receive any business loans or grants in 2020 or 2021? Did you have to quarantine due to exposure to Covid-19 and/or illness? For how many calendar days?
- Did you have to close your business due to government shutdown orders between April and September 2021? For how many calendar days?
- Did you have to close your business due to Covid or taking care of dependents between April and September 2021? For how many calendar days?

