

Business Questionnaire

(Corporate)

Company Information				
<u>Company Name</u>	<u>Phone Number</u>	<u>Company Address</u>		
Checklist Items	Yes	No	Not Required	Comments
1) Did the company name, phone number, or address change since your prior year return?	☐	☐	☐	<u>Yes</u> - Please place an (*) asterisk next to what changed above.
2) Please provide the type of entity.	C Corporation ☐	S Corporation ☐	Other ☐	<u>Other</u> - Please describe the type of corporation for this company.
3) Please provide the accounting method for this company.	Cash ☐	Accrual ☐	Other ☐	<u>Other</u> - Please describe what method of accounting used by the company.
4) Is the corporation a subsidiary in an affiliated group or a parent subsidiary controlled group?	☐	☐	☐	<u>Yes</u> - Please provide details on group affiliation.
5) Did the company have any new investments, accounts, lines of credit, credit cards, or loans for this year?	☐	☐	☐	<u>Yes</u> - Please provide details along with the statement, promissory note, etc.
6) Did the company issue any publicly offered debt instruments this year (a debt instrument that has an original issue discount when it is offered to the public)?	☐	☐	☐	<u>Yes</u> - Please provide details of transaction.
C Corporation				
(The next question does not apply for S Corporations unless Corporation was a C Corporation in a prior year)				
7) Did the corporation pay any dividends in excess of the corporation's earnings and profits this year?	☐	☐	☐	<u>Yes</u> - Please provide details on the dividends paid.

Client Notes

S Corporation				
(These questions do not apply for C Corporations unless Corporation is electing to become an S Corporation this year)				
Checklist Items	Yes	No	Not Required	Comments
8) <i>(C Corporation electing to become an S Corporation)</i> Is the corporation electing to be an S Corporation beginning with this tax year?	☐	☐	☐	Yes – Please provide a copy of your signed Form 2553.
9) Was the corporation ever in a prior year a C Corporation?	☐	☐	☐	Yes – Please provide a copy of your signed Form 2553. Also please provide information on all assets with net unrealized built in gains from prior years.
10) Did the corporation make any changes that revoked or terminated S corporation status this year?	☐	☐	☐	Yes – Please provide detail on how the Corporation's S corporation status was revoked or terminated this year.
11) Did the corporation have any outstanding shares of restricted stock at the end of this tax year?	☐	☐	☐	Yes – Please provide total shares of restricted stock and total shares of non-restricted stock at the end of this year.
12) Did the corporation have any outstanding stock options, warrants, or similar instruments at the end of this tax year?	☐	☐	☐	Yes – Please provide total shares outstanding and total shares if all instruments were executed at the end of this year.
Assets				
13) Did the company purchase any new assets this year?	☐	☐	☐	Yes – Please provide details on what new assets were purchased this year (include date, description of asset, and amount paid).
14) Did the company improve, adapt, or restore any assets owned by the corporation this year?	☐	☐	☐	Yes – Please provide details on what was improved, adapted, or restored of this year.
15) Did the company sell or dispose of any assets this year?	☐	☐	☐	Yes – Please provide details on what was sold or disposed of this year.
16) Did the corporation acquire any assets with a basis determined in the hands of a C corporation this year?	☐	☐	☐	Yes – Please provide details on what asset were acquired this year.
17) Did the company's business asset usage drop below 50 % for any company asset this year?	☐	☐	☐	Yes – Please provide details on what asset usage dropped below 50% this year.

Client Notes

Auto Mileage and Auto Expenses				
Checklist Items	Yes	No	Not Required	Comments
18) Did the company document it's auto mileage for business miles driven this year?	☐	☐	☐	Yes – Please provide beginning mileage, ending mileage, and business miles driven. No - Please skip next question and go to next section Business Credits.
19) Did the company maintain a written log or ledger for business miles driven this year?	☐	☐	☐	Auto mileage must be written and documented to be deductible.
Business Credits				
20) Did the company have any disabled access expenditures this year?	☐	☐	☐	Yes – Please provide details and these expenditures.
21) Did the company have any childcare facility and resource and referral expenditures this year?	☐	☐	☐	Yes – Please provide details and these expenditures.
22) Did the company conduct any research and/or development this year?	☐	☐	☐	Yes – Please provide details on these activities for this year.
23) Did the company provide health care coverage to employees this year?	☐	☐	☐	Yes – Please go to our website or click here and complete the Health Care Coverage Credit Worksheet . We will need this information to figure the amount of your 2012 health care coverage credit.
24) Did the company employ an individual of Native American descent living on or near an Indian Reservation this year?	☐	☐	☐	Yes – Please provide details about individual including tribe documentation.
25) Did the company purchase any electric or energy efficient assets this year?	☐	☐	☐	Yes – Please provide details on electric or energy efficient assets purchased this year.
26) Did the company have any startup costs for a small employer pension plan this year?	☐	☐	☐	Yes – Please provide details on startup cost for small employer pension plan for this year.
27) Did the company pay wages to an employee for any period the employee is on active duty performing services of the United States Armed Forces this year?	☐	☐	☐	Yes – Please provide details on wages paid for employee.
28) Did company hire any employees that qualified for the Work Opportunity Tax Credit? <i>(Must file Form 8850 and ETA form with the state workforce agency's WOTC Coordinator within 28 days after hire date)</i>	☐	☐	☐	Yes – Please provide details on employee and a copy of the forms filed with the state workforce agency's WOTC Coordinator.
29) <i>(Residential Rental)</i> Did company place into service any qualified low-income buildings into service this year?	☐	☐	☐	Yes – Please provide details on qualified low-income building(s) placed into service this year.
30) <i>(Eligible contractors)</i> Did the company sell or lease to another person a qualified energy efficient home this year?	☐	☐	☐	Yes – Please provide details on home efficiency standards for each house that qualifies for this credit.
31) <i>(Food and Beverage Establishments)</i> Did the company pay social security and medicare tax on employees' tips this year?	☐	☐	☐	Yes – Please provide details on total wages paid, total tips, hours worked, and hourly rate.

Client Notes

Contributions and Donations				
Checklist Items	Yes	No	Not Required	Comments
32) Did the company pay for or donate to a lobbying organization this year?	☐	☐	☐	<u>Yes</u> – Please provide details of donation for this year.
33) Did the company donate to any charitable organization this year?	☐	☐	☐	<u>Yes</u> – Please provide a copy of the receipt provided by the organization this year. (We will need this to apply the proper charitable deduction allowed.)
34) (Food Industry Only) Did the company donate wholesome food inventory this year?	☐	☐	☐	<u>Yes</u> – Please provide details of this donation for this year.
Dues, Meals & Entertainment				
35) Did the company pay any membership dues or meals and entertainment for a club organized primarily for pleasure, recreation, amusement, or other social purposes (i.e. Country Club Dues, Yacht Club Dues, Gym Membership) this year?	☐	☐	☐	<u>Yes</u> – Please provide details of what was paid along with transaction (include the amount and where this was included in the company's general ledger account).
Employee Expenses				
36) Did the company have any profit-sharing, pension plans, or any other deferred compensation plans this year?	☐	☐	☐	<u>Yes</u> – Please provide details on the profit-sharing, pension plan, or other deferred compensation plan for this year (include description, company policy, and how this is included in the company's general ledger for this year).
Foreign Currency Transactions				
37) Did the company receive any amounts (income or any other funds) from foreign sources this year?	☐	☐	☐	<u>Yes</u> – Please provide details of the transaction.
38) Did the company have any foreign shareholders at any time during this year?	☐	☐	☐	<u>Yes</u> – Please provide details of the foreign shareholder.
39) At any time during this calendar year, did the company have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account) ?	☐	☐	☐	<u>Yes</u> – Please provide details of the account along with amounts, description, country, etc.
40) At any time during the tax year, did the company receive a distribution from, or was it the grantor of, or transferor to, a foreign trust?	☐	☐	☐	<u>Yes</u> – Please provide details of the transaction.

Client Notes

Fringe Benefits					
	Checklist Items	Yes	No	Not Required	Comments
41)	Did the company pay any fringe benefits for any shareholders owning more than 2 % this year?	☐	☐	☐	Yes – Please provide details of what fringe benefits were provided. No - Please skip next question and go to next section Gifts.
42)	Did the company properly include all required fringe benefits to the shareholder's and other employee's wages this year?	☐	☐	☐	Some types of fringe benefits must be properly included in the shareholders income to be deductible <i>by</i> the company.
Gifts					
43)	Did the company give gifts in excess of \$25 to any individual this year?	☐	☐	☐	Yes – Please provide details of each individual, the amount, and where the company included the transaction in the general ledger.
Improvements					
44)	Did the company expense any amounts in repairs and maintenance <i>(or any other expense account)</i> that improved, extended, adapted, or restore an asset this year?	☐	☐	☐	Yes – Please provide a list with details of what was done, the amount, and what account these amounts were recorded in the company's general ledger.
Income					
45)	Did the company have any long-term customer contracts this year <i>(contracts that exceed one year)</i> ?	☐	☐	☐	Yes – Please provide details on the contract and the percent of completion on contract.
46)	Did the company receive a Form 1099-K for this year?	☐	☐	☐	Yes – Please provide the Form 1099-K for this year.
47)	Did the company have any installment sale income for this year?	☐	☐	☐	Yes – Please provide details installment sale (include the asset sold, contract, etc.).
48)	Did the company make an election under IRC 108(i) to defer income from debt cancellation in a prior year?	☐	☐	☐	Yes – Please provide details of amount deferred what was included in prior year.
49)	During the tax year, did the company or any of its shareholder's have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?	☐	☐	☐	Yes – Please provide details of debt that was cancelled, forgiven, or modified.

Client Notes

Insurance					
	Checklist Items	Yes	No	Not Required	Comments
50)	Did the company purchase or pay for any insurance policies on employees this year?	☐	☐	☐	Yes – Please provide details on the insurance contract, the employee, policy owner(s), and the beneficiaries.
51)	Did the company receive any insurance reimbursements or payments this year?	☐	☐	☐	Yes – Please provide details on what the reimbursement or payment was for and if any replacement property was purchased.
Interest Income and Expense					
52)	Did the company pay or receive any interest income or interest expense that needs to be reclassified this year (<i>Interest Charged on loans to or from Shareholder, Shareholder personal interest, Rental or Real Property Interest, Portfolio Interest, etc.</i>) ?	☐	☐	☐	Yes – Please provide details on any amounts that are required to be classified or stated separately on the shareholder K-1; or payments that must be moved to shareholder distributions (i.e. personal interest).
Inventory					
53)	Did the company maintain any inventory this year?	☐	☐	☐	Yes - Please go to next question. No – Skip remaining inventory questions and go to next section Other Income.
54)	Did the company count all inventory as of the last day of this year?	☐	☐	☐	Yes – Please provide ending balance on your inventory. No – Skip remaining inventory questions and go to next section Other Income.
55)	What method did the company use to calculate the yearend inventory this year?	Cost ☐	Lower of Cost or Market ☐	LIFO ☐	Other – Please describe details if not listed.
56)	Did the company write down any subnormal goods in inventory this year?	☐	☐	☐	Yes – Please provide details on method used to write down subnormal goods.
57)	Did the company make any changes in determining quantities, cost, or values between closing and opening inventory this year?	☐	☐	☐	Yes – Please provide details of changes.

Client Notes

Material Participation				
Checklist Items	Yes	No	Not Required	Comments
58) Did all the shareholders materially participate in the company's operation this year?	☐	☐	☐	Yes - Please go to next question. No - Please provide details on which shareholders did not materially participate.
IRS Material Participation - Definition 1. The taxpayer works 500 hours or more during the year in the activity. 2. The taxpayer does substantially all the work in the activity . 3. The taxpayer works more than 100 hours in the activity during the year <u>and</u> no one else works more than the taxpayer . 4. The activity is a <u>significant participation activity</u> (SPA), and the sum of SPAs in which the taxpayer works 100-500 hours exceeds 500 hours for the year. 5. The taxpayer materially participated in the activity in any 5 of the prior 10 years . 6. The activity is a <u>personal service activity</u> and the taxpayer materially participated in that activity in any 3 prior years . 7. Based on all of the facts and circumstances, the taxpayer participates in the activity on a regular, continuous, and substantial basis during such year . However, this test <u>only applies if the taxpayer works at least 100 hours in the activity, no one else works more hours than the taxpayer in the activity, and no one else receives compensation for managing the activity.</u>				
Rental and Lease Expense				
59) Did the company pay for any rent or lease expense that was actually used personally by an individual or another entity this year?	☐	☐	☐	Yes - Please provide details on amount paid, description, and what account the transaction appears in the company's general ledger.
Reportable Transactions and Transactions of Interest				
60) Did the company have any transactions or was it involved in or associated with any reportable transaction this year (see descriptions below) ?	☐	☐	☐	Yes - Please provide details of transaction and <u>answer next two questions in this section (Reportable Transactions and Transactions of Interest)</u> . No - Please answer next question and complete remaining questionnaire.
Confidential Transactions - Definition A transaction that is offered under the condition of confidentiality for a minimum fee of \$250,000 for corporations or partnerships and \$50,000 for all others.				
Transaction with Contractual Protection - Definition A transaction that has contractual protection against bearing any tax consequences (i.e. right to a refund of fees or investments if the transaction's intended tax consequences do not occur).				
Loss Transactions - Definition Corporations/ Partnership A loss of \$10 million or more in a single taxable year or a loss of \$20 million or more in any combination of taxable years. All Others A loss of \$2 million or more in a single taxable year or a loss of \$4 million or more in any combination of taxable years. Foreign Currency Transactions A loss of \$50,000 or more in any single taxable year for an individual or a trust.				

Client Notes

	Checklist Items	Yes	No	Not Required	Comments
61)	Did the company have any transactions or was it involved in or associated with any transaction of interest or listed transactions this year <i>(see description below)</i> ?	☐	☐	☐	Yes – Please provide details of transaction and <u>answer last question</u> in this section (Reportable Transactions and Transactions of Interest). No - Please skip last question and go to next section Shareholder Changes.
<u>Transactions of Interest - Definition</u> Charitable Remainder Trust Sale • Charitable Contribution of LLC Successor Membership • Toggling Grantor Trust • Domestic Partnership used to defer immediate taxation of Foreign Income <u>Listed Transactions - Definition</u> Backdated Retirement Plan Contributions • Purported Multiple Employer Welfare Benefit Funds • ASA Investorings Partnerships • Short-term Charitable Remainder Trusts • “BOSS” (Bonds-and-Option Sales Strategy) • Fast-pay Stock Arrangements • Bull & Bear Note Transactions • Son of BOSS • Improper Use of a Subsidiary to Satisfy Parent’s Stock-based Compensation Obligations • Guam Trusts • Intermediary Transactions • Abusive Section 351 Transfers Using Contingent, Unmatured Liabilities • Foreign Leverage Investment Portfolio (FLIP) & Offshore Portfolio Investment Strategy (OPIS) • Abusive Basis-shifting Devices Using Loan Assumption Agreements (CARDs) • Abusive Notional Principal Contract • Abusive Straddles • Lease-in/Lease-out (LILO) Transactions • Abusive ESOP/S Corporation Arrangements • Abusive Offshore Employee Leasing Arrangements • Abusive Collectively Bargained Welfare Benefit Funds • Abusive Option Sales to Family Limited Partnerships (FLPs)/Related Parties • Lease-stripping • Contested Liability Acceleration Strategies (CLAS) • Abusive Offsetting Foreign Currency Option Contract Transactions • Abusive Roth IRA Transactions • Abusive Use of ESOP/S Corporation Ownership • Abusive Section 412(i) Plans with Excessive Life Insurance • Abusive Foreign Tax Credit Transactions • Abusive S Corporation Income Shifting Arrangements (SC2) • Abusive Partnership Intercompany Financings • Sale-in/Lease-out Arrangements • Loss Importation Transactions • Abusive Trust Arrangements Utilizing Cash Value Life Insurance Policies Purportedly to Provide Welfare Benefits • Distressed Asset Trust Transactions Go to http://kellystaxservice.com/Listed_Trans.htm for more information about each of these Listed Transactions.					
62)	Did the company file Form 8886 this year?	☐	☐	☐	Yes - Please go to next section Shareholder Changes. No - Please explain why Form 8886 was not filed.
<u>Shareholder Changes</u>					
63)	Please provide us with the number of shareholders in the corporation for this year.				Please provide us with Tax Id, Name, and Address of any new shareholders for this year.
64)	Did the company shareholders percentages change in the current year?	☐	☐	☐	Yes – Please provide a list with current year changes, dates of changes, and details of transaction (i.e. amounts received, etc).
65)	Did the company shareholders names and/or addresses changed in the current year?	☐	☐	☐	Yes – Please provide a list with current year changes.
66)	Did any of the company shareholders contribute any capital to the company in the current year <i>(property, debt, or cash)</i> ?	☐	☐	☐	Yes – Please provide details on contribution (include description of the property, debt, or cash).
67)	Did the company distribute to any shareholders any distributions in the current year <i>(property, debt, or cash)</i> ?	☐	☐	☐	Yes – Please provide details on distribution (include description of the property, debt, or cash).
68)	At any time during the tax year, was any shareholder in the corporation a disregarded entity, a partnership, a trust, an S corporation, a C corporation, or an estate?	☐	☐	☐	Yes – Please provide us the names and type of entity of this (or these) shareholder(s).
69)	Did the company or it's shareholders directly or indirectly own 20 % or more of a domestic or foreign corporation, partnership, trust, or estate this year <i>(either individually or as a group)</i> ?	☐	☐	☐	Yes – Please provide a list with tax identification number, type of entity, name of entity, and country established or of individual's citizenship.

<u>Client Notes</u>

<u>Subcontractors</u>					
	Checklist Items	Yes	No	Not Required	Comments
70)	Did the company make any payments during this year that would require it to file Form (s) 1099?	☐	☐	☐	<u>Yes</u> – Please go to next question. <u>No</u> – Skip remaining subcontractor questions and go to next section taxes.
71)	If yes, did the company file all required Form 1099's this year?	☐	☐	☐	<u>Yes</u> – Please provide copy of Form 1096 and 1099 filed for this year. <u>No</u> - Please provide details on why the forms were not filed.
<u>Taxes</u>					
72)	Did the company pay any penalties to any local, state, or federal government entity this year?	☐	☐	☐	<u>Yes</u> – Please provide details on penalties paid (include amounts and what general ledger account these amounts were included in).
<u>Telephone Expense</u>					
73)	Did the company pay for any cellular phone service to provide a cellular phone to any employee(s), officer(s), or shareholder(s) this year?	☐	☐	☐	<u>Yes</u> – Please provide details. <u>No</u> - Skip next question and go to next section Travel Expenses.
74)	Did these employee(s) ,officer(s), or shareholder(s) pay for their own cellular phone for personal use this year?	☐	☐	☐	<u>Yes</u> - Please go to next question. <u>No</u> - Please provide details on company's policy for cellular phone and personal use. Personal use should be determined each year so any personal use is included in the employee or partner's personal income annually.
<u>Travel Expenses</u>					
75)	Did the company pay for any travel expenses that were for an individual that is a non-employee of the company this year?	☐	☐	☐	<u>Yes</u> – Please provide details on amounts and what general ledger account these amounts were included in.
76)	Did the company pay for any travel expenses that were for a non-business purpose this year?	☐	☐	☐	<u>Yes</u> – Please provide details on amounts and what general ledger account these amounts were included in.

<u>Client Notes</u>

This information is complete and accurate to the best of my knowledge.

Print Name
Signature
Email

Title
Date