

Income Tax Required Receipts

I would like to bring to your attention the following items that you should be aware of in preparing your receipts for income tax preparation.

1. Meals

Credit card statements highlighted for the restaurants where the expense is incurred is not acceptable to Canada Revenue Agency. An auditor will disallow all the meals expense as there are no official receipts.

In order to deduct the meal expense, you must have the receipt from the restaurant including the detailed breakdown of the meal as this shows the gst. You must have the clients name written on the back of the receipt. Only meals with clients are deductible, **not meals for yourself alone.**

2. Gifts

Gift receipts work the same way as the meal expense. You must have the breakdown of the expense receipt which shows the gst and the name of the client or perhaps the address of the property sold in order to justify the gift expense.

3. Interest

The use of more than one credit card to purchase items for business purposes can be a problem if the credit cards are also for some personal purchases. The interest will be disallowed on the credit cards if it is not used solely for business purposes.

4. Internet

If you have internet in your home, and the invoice from the internet server will back this up, there is a personal portion. The internet cannot be deducted 100% based on this information.

5. Auto Log

You must keep a log of your kilometers for business purposes. You can either keep a log of your personal kilometers or your business kilometers as long as it can be determined what your kilometers for business purposes is. A day timer with hand written names and amount of kilometers driven each day is acceptable. You must keep a log on a daily basis, a handwritten one is a good indication of the fact that the kilometers are tracked on a daily basis.

Credit card statements and cancelled cheques are not allowable receipts. You must have the actual receipt attached to the credit card to prove the purchase is for business purposes.

If you have any questions concerning any expense or receipts, please do not hesitate to give me a call.

Michele Potts