

Self-Employed

A self-employed person or sole proprietor is not a legal entity and is a business owned by a person who regularly sells goods or provides services. Income (or loss) must be filed on a personal income tax return (T1). A self-employed taxpayer (and spouse) has until June 15th to file a personal return, but any balance owing will incur interest from April 30th onward.

Newly Self-Employed

Name of Business _____ Type of Business _____ Start Date _____
(year/mm/dd)

We need to know whether a client is registered for HST (tax on goods and services provided in Canada). The benchmark of the CRA is \$30,000 in taxable sales, at which time a person must register for HST. But a person can register at any time beforehand. If registered, HST must be charged on revenue but the HST paid on expenses can then be claimed against the tax collected, the net resulting in a balance due or refund to the CRA. The amount of HST charged defaults to 15% in NB unless the sale or service is either zero-rated or exempt – no HST/GST is charged but you can only claim HST paid on purchases used to make zero-rated supplies and services, but nothing claimed on exempt supplies and services. Even if a person is registered for HST and earns less than \$30,000 in taxable sales, the HST must still be charged on invoices/sales.

When entering income and expenses on the personal income tax return, the figures must be pre or before tax amounts if a taxpayer is an HST registrant.

Filing an HST return depends on how this has been set up by the registrant. There is annual filing (once per year), quarterly filing (four times per year- we suggest calendar quarters), and monthly filing. Usually, self-employed taxpayers file an annual HST return at the same time we file their personal tax return.

Are you an HST registrant? No Yes

HST Number: _____ Filing Frequency _____

Sales/Purchases/Expenses

New Clients Only- Please provide a copy of your previous year's "T2125—Summary of Business Income & Expenses" OR a copy of your previous year's "T777- Summary of Employment Expenses"

Please do not submit your receipts but keep them for six years in case the CRA requests them. O

	<i>Pre-tax</i>	<i>HST</i> <i>(if applicable)</i>	<i>Total</i>
• Total Sales (revenue)	_____	_____	_____
• Purchases	_____	_____	_____
• Closing Inventory (if selling merchandise)	_____	_____	_____
• Meals and entertainment	_____	_____	_____
• Advertising and promotion	_____	_____	_____
• Accounting and legal	_____	_____	_____
• Business fees and dues	_____	_____	_____
• Insurance (inventory, liability)	_____	_____	_____
• Interest and bank charges	_____	_____	_____
• Office Expenses (stationary, postage)	_____	_____	_____
• Delivery and freight	_____	_____	_____
• Cell phone (business use only)	_____	_____	_____
• Internet (business use only)	_____	_____	_____
• Utilities (if renting office space)	_____	_____	_____
• Rent	_____	_____	_____
• Supplies	_____	_____	_____
• Training and professional development	_____	_____	_____
• Travel (items not covered under car expenses, i.e. airfare, hotels)	_____	_____	_____
• Equipment rental	_____	_____	_____
• Maintenance and repairs	_____	_____	_____
• Other Description _____	_____	_____	_____
• Asset additions (equipment, computer, other over \$250)			
Description _____	_____	_____	_____
Description _____	_____	_____	_____
Description _____	_____	_____	_____
Description _____	_____	_____	_____
• Did you receive a CEBA loan? <input type="checkbox"/> No <input type="checkbox"/> Yes			
If yes, how much? _____			
How much was repaid in 2022? _____			

Business Use of Home

Many individuals who operate a sole proprietorship use a portion of their home for business purposes. To qualify, the home office must be your primary (more than 50% of your time) place of work or, if not, one set aside exclusively for business and where you regularly meet clients. Meeting clients includes email and phone as well as in person meetings.

- Total square footage of home _____
- Total square footage of office _____

	<i>Pre-tax</i>	<i>HST</i>	<i>Total</i>
• Heat	_____	_____	_____
• Electricity	_____	_____	_____
• Insurance NO HST	_____	_____	_____
• Repairs and maintenance	_____	_____	_____
• Mortgage interest NO HST	_____	_____	_____
• Property taxes NO HST	_____	_____	_____
• Rent NO HST	_____	_____	_____
• Other (water)	_____	_____	_____

Car Expenses

If you use your automobile for work, you need to track the annual KMs driven for income purposes and the total annual KMs for the year. These figures are used to determine a percentage of the allowable expenses claimed but you must report the full year expenses for the vehicle.

It is important that an automobile logbook be maintained to support the KM records should you be audited. If you are unable to track this for the entire year, you should at least track a representative period to establish a reasonable percentage. Please be aware that KMs driven from your home to your principal place of work are not claimable.

You must provide one of these forms for each vehicle used during the year. If one vehicle is switched for another and there is no overlapping use, you may combine operating expenses on one form.

Please provide purchase or lease documents for any vehicles acquired in the year.

Please provide sale documents or, if unavailable, amount of sale proceeds if disposed of in year.

If you commence using a vehicle during the year that was previously owned, please provide the fair market value at time the income use commenced.

Make: _____ Model: _____ Year: _____
 When Purchased: _____ Purchase Price: _____ or Leased: Yes No
 Model Sold: _____ When Sold: _____ Sale Price: _____

- Total kilometres driven in year _____
- Total kilometres driven to earn self-employed income _____

	<i>Pre-tax</i>	<i>HST</i>	<i>Total</i>
• Fuel	_____	_____	_____
• Repairs and maintenance	_____	_____	_____
• Insurance NO HST	_____	_____	_____
• License and registration NO HST	_____	_____	_____
• Parking	_____	_____	_____
• Total lease payments if leased	_____	_____	_____
• Total interest on money borrowed to purchase vehicle (NO HST)	_____	_____	_____