



## CLIENT REPRESENTATIONS ON SCHEDULE C and BUSINESS DEDUCTIONS

Regarding **certain business expenses**, the law requires that any deduction for business meals and entertainment must be substantiated by records indicating the amount, time, place and business purpose of the expenses. Contemporaneous substantiation of business use of "listed" property, which includes vehicles, personal computers and cellular phones, is required. If you claim a deduction for those types of expenses, you represent, by submitting those expense items to us, that you have the required records and receipts.

Regarding **hiring family members** as employees, the law requires attention to a certain checklist of items. If you claim a deduction for those types of expenses, you represent, by submitting those expense items to us, that you have the required records and receipts.

Regarding the decision of **classing an individual as an employee or an independent contractor**, the IRS has guidance in the form of code section and revenue rulings in making this decision. The IRS also imposes penalties against taxpayers if this decision is not made correctly. If you made a classing decision for those types of individuals, you represent, by submitting those expense items to us, that you have the required backup to support your decision.

Regarding **Issuing 1099 Forms** to Independent Contractors, The IRS imposes rules and regulations on which individuals and businesses must receive a 1099 from you as the Payer stating the amount that was paid during the calendar year. The IRS also imposes penalties against taxpayers if 1099's are not properly submitted. Either You represent to us that you have fulfilled your obligation to issue 1099's to independent contractors or that the data provided to us for us to prepare the 1099 forms is complete and accurate.

### Client Signature Box

Client Signature \_\_\_\_\_ Client Date \_\_\_\_\_

Tax Year \_\_\_\_\_ Tax Form \_\_\_\_\_