



Kerr & Company

CHARTERED PROFESSIONAL ACCOUNTANT

Kerr & Company's Helpful Hints - Farming Checklist

Your name: _____

Farm name: _____

Farm address: _____

Date farming began (if in current year): _____

Date farming ended (if in current year): _____

Type of farm: _____

Your percentage of ownership: _____

GST number (if applicable): _____

Do you want us to prepare your GST return? If yes, please provide the return. Yes No

- Please take a series of reusable file folders and label each one with the headings listed below.
- Sort your invoices, receipts, etc. into each file folder (preferably as you receive them) before you complete this checklist.
- For each file folder, total your invoices and receipts and attach an adding machine tape. **If you are registered for GST please subtract any GST paid** from your expense totals. Enter the total for each category on this checklist.
- Please indicate on the checklist any category that does not apply to your farm.
- If you have recorded your farming activity in a columnar book please provide it to us. If you keep your records on computer, please provide a printout **and** a backup disk that we can access.
- Only include expenses that were incurred for farming. Do not include any personal expenses.
- If you bought or sold a farm during the year (or in a prior year and we do not have the documents on hand), please provide a copy of the Vendor Purchase and Sale Agreement for the purchase or sale.
- Please complete the schedules on the last page if you used part of your home or your personal vehicle for farming. **Do not** include these expenses anywhere else on this checklist.
- If you are in a partnership please complete this checklist for all your joint expenses (advise us of your percentage of profit or loss, but let us do the calculations). Note **separately** those expenses which are 100% yours and **should not** be split with your partner(s).

Item	Total Amount (mark n/a if not applicable to your farm)	Description
1 Income		Please provide totals for each type of income such as crop, livestock, eggs, etc. If you had timber sales please indicate the total proceeds and contact us.
2 Opening inventory		This is the cost of inventory on hand at the beginning of the year, and should be the same as your closing inventory as reported on your previous tax return.
3 Closing inventory		This is the lower of your cost or the fair market value of the inventory on hand at the end of the year including animals born on the farm. It should be based on a physical count or a reasonable estimate if a physical count is not practical. Include number of cow/calf pairs, bulls and heifers (for cattle) and include number of colts and fillies (for horses) for the year.
4 Containers and twine		Costs you incurred for material to package, contain, or ship your farm produce or products.
5 Fertilizers and lime		Total amount you paid for fertilizers and lime.
6 Pesticides		Expenses incurred for herbicides, insecticides, and fungicides.
7 Seeds and plants		Total amount you paid for seeds and plants.
8 Feed, supplements, straw, and bedding		Costs for feed, supplements, straw, and bedding purchased for farm business. You cannot deduct the value of the feed, straw, and bedding you grew.
9 Livestock purchased during the year		The cost of livestock purchased in the current year.
10 Veterinary fees, medicine, and breeding fees		Enter the total amount you paid for medicine for your animals, and for veterinary and breeding fees. Examples of such fees include the cost of artificial insemination, stud service and semen, embryo transplants, disease testing, and neutering or spaying
11 Machinery repairs, licences, and insurance (excluding motor vehicles)		Enter the total amount of repair, licence fee, and insurance premium expenses you incurred for your machinery (this does not include your vehicle – see Motor vehicles below).
12 Machinery fuel and oil (excluding motor vehicles)		Enter the total amount you paid for fuel and lubricants for your machinery (this does not include your vehicle – see Motor vehicles below).
13 Building and fence repairs		Cost of repairs to fences and all buildings you used for farming, except your farmhouse. Do not include the value of your own labour. If the expenditure improved a fence or building beyond its original condition, the costs are capital purchases.

Item	Total Amount (mark n/a if not applicable to your farm)	Description
14 Clearing, leveling, and draining land		Costs incurred for clearing land of brush, trees, roots, stones, and so on; first ploughing the land for farm use; building an unpaved road; and installing land drainage. However, if you rented land to someone else, you cannot deduct the costs mentioned above. Instead, you may be able to add these costs to the cost of the land.
15 Crop insurance		Enter the amount of deductible premiums to the Crop Insurance Program. Do not include any premiums for private, business-related, or motor vehicle insurance.
16 Custom or contract work, and machinery rental		Amounts paid to subcontractors and for equipment rentals
17 Electricity		Include only the part of your electricity costs that relate to your farming business. Because the electricity for the farmhouse is a personal expense, you can only deduct it if you meet the conditions at item 31.
18 Heating fuel		Cost of natural gas, coal, and oil to heat farm buildings, and to dry crops or heat greenhouses. Heating fuel for the farmhouse is a personal expense; you can only deduct it if you meet the conditions at item 31.
19 Insurance program overpayment recapture		Amount of insurance program overpayment recapture incurred in your current fiscal period. You should receive an AGR-1 slip – Statement of Farm-Support Payments.
20 Other insurance		Business-related insurance premiums incurred to insure your farm buildings, farm equipment (excluding motor vehicles, machinery, and house), livestock, and business interruption.
21 Interest		Interest on money borrowed to run your farm business (does not include your vehicle loan or home mortgage which are detailed below). Also, advise us the amount you paid in fees such as appraisal, brokerage and legal fees. We will claim these at 20% per year. For each loan, please provide confirmation from your lender indicating the interest paid. Let us know the loan details and what percentage (if any) of the loan was for personal purposes.
22 Office expenses		Enter the amount of office expenses, such as stationery, invoices, receipt and accounting books, and any other office supplies.
23 Legal and accounting fees		Legal and accounting fees. Please note if any of these fees were for purchasing or selling the business.
24 Property taxes		Property taxes you paid for property used in your farming business. Property taxes for the farmhouse are a personal expense; you can only deduct them if you meet the conditions at item 31. Please provide a copy of your Property Tax Notice.

Item	Total Amount (mark n/a if not applicable to your farm)	Description
25 Rent (land, buildings, and pasture)		Enter the amount of rent expenses you paid for land, buildings, and pasture you used for your farming business.
26 Salaries, wages and benefits (including employer's contributions)		You can deduct gross salaries you paid to employees. You can also deduct employer's contributions to CPP, EI, and WCB. Salaries or drawings paid to you or your partners are not deductible. Remember that T4s have to be filed by the end of February.
27 Motor vehicle expenses	Please complete the attached schedule	Please complete the Schedule of motor vehicle expenses at the end of this checklist. We will do the calculations. A log should be kept, but if one was not completed, please provide your best estimate of business and total use. You should be prepared to create a log if the Canada Revenue Agency requests it.
28 Small tools		If a tool costs you less than \$500, deduct its full cost. If it cost you \$200 or more, see item 30.
29 Other expenses (please specify)		Include any other expenses you incurred to earn farming income, as long as you did not include them in any other category. For example, advertising, telephone (the costs of a dedicated business or fax line, and all farm related long distance charges), memberships and subscriptions, freight and trucking. If in doubt please discuss with us.
30 Capital purchases, improvements, or disposals of capital assets		This category includes any item that costs more than \$500 and is expected to provide a benefit for more than one year. This also includes improvements to capital assets. Please provide your actual receipts for our files. We will claim tax depreciation (CCA) for you. We also need to know which capital assets you have disposed of during the year and what the proceeds were (even if proceeds were nil).
31 Business-use-of-home expenses	Please complete the attached schedule	You can deduct expenses for the use of your home, as long as you meet one of these two conditions; a specific work space in your home is your principal place of business; or you use the space only to earn your farming business income, and you use it on a regular and ongoing basis to meet your customers. Please complete Schedule of business-use-of-home expenses at the end of this checklist. Note, you cannot create or increase a farm loss with these expenses, but they can be carried forward for a claim in a future year.

Additional information or comments:

Schedule of office-in-home expenses

For the period _____ to _____

	100% of expense for the period
Heat	
Electricity	
Insurance	
Maintenance	
Mortgage interest	
Property taxes	
Rent	
Other expenses (specify)	
Total	

Basis of allocation:

Area of home used for business	(A)
Total area of home	(B)
% used for business ($A \div B \times 100$)	
	%

Schedule of motor vehicle expenses

For the period _____ to _____

	100% of expense for the period
Fuel and oil	
Maintenance & repairs	
Insurance & licensing	
Interest on vehicle loan	
Lease payments	
Other expenses (specify)	
Total	

Basis of allocation:

Closing km, end of year	
<i>less:</i> Opening km, beginning of year	
Equals km driven during the year	
	(A)
Km driven for business	(B)
% used for business ($B \div A \times 100$)	
	%

If you owned this vehicle:

- Please provide a copy of the bill of sale if you purchased or sold this vehicle during the year.
- Please provide us with the fair market value of this vehicle if this was the first year the vehicle was used in your business.
\$ _____

If you leased this vehicle:

- Please provide a copy of the lease agreement if you entered into the lease during the year, or if this was the first year the vehicle was used in your business.