**Business Expense Disclosure**

To assist in compliance with *Sweezey v Sweezey*, 2016 ABQB 131.

**Caution:** This worksheet will require effort to complete, however failing to provide sufficient explanations can result in the court inferring that your income is higher by an arbitrary amount, or assuming that the entire portion of an expense personally benefitted you, or a larger portion than actually did. You could also be forced to pay a penalty, all or a portion of your former spouse’s legal fees, or potentially be held in contempt of court, which can result in a fine and in some cases even incarceration. This document should be as accurate as possible, you almost certainly won’t get to draft a more accurate version if we proceed further in court. Failure to properly disclose might also be used to invalidate any settlement agreement entered in to, and/or to seek even further retroactive child or spousal support arrears. We also strongly recommend speaking to your accountant to confirm that your practices are in compliance with the CRA’s guidelines, as this document could possibly be retrieved by the CRA during an audit.

**Instructions:** The client and bookkeeper/accountant should work together to complete this form. Write each expense listed in the corporate Financial Statements in the column to the left. A separate form should be completed for each business, and for each year in dispute. Supporting receipts or other records evidencing the amounts should also be provided. When determining the portion of the benefit, **be clear whether or not your accountant has already deducted a personal portion** (eg many businesses only claim a percentage of their gas as a business expense and pay the remainder personally).

Business name: ABC Plumbing Ltd. Corporate year ending: August 31, 2017

Prepared by: John Smith, ABC Bookkeeping, and Professional Accountants LLP.  
[List your bookkeeper/accountant’s name if they helped (recommended), and anyone else who helped].

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| --- | --- | --- | --- | --- | --- |
| Nature of Expense  [Each expense in Financial Statement] | Calculation Method | Reason for Expenditure  [Only include first portion if no possible personal component. For amortization, specify the principal portion of any monthly loan payments (as only interest is deducted in your Financial Statements), any specific plans to replace assets, each depreciated asset’s business purpose, and whether funds for a replacement are being set aside] | Portion to Benefit of Self, New Partner/Spouse, Child(ren), Relatives, or Friends  [Exact amounts recommended, where possible. Specify whether or not the personal component was also claimed as a business expense, or whether it was excluded from the Financial Statements] | Method of Calculating Personal Portion | Recipient(s)  (see additional information below) |
| Expenses | | | | | |
| **Advertising and promotion (includes donations, meals, and entertainment)** | Receipts and accounting principles | Increase and strengthen customer base for products or services. | **$480:** Meal component is $1243. Out of that, claimed one meal with new partner per month as we meet to discuss business, approximately $40 per meeting. | Restaurant bills, estimate | John Smith, Jill Smith |
| **Amortization of property, plant, and equipment** | Accounting principles | Spread cost of profit-facilitating assets across multiple years. $500 towards Ford Focus with $600 per month monthly payment, of which $103 is the deducted interest component and the remaining $497 is not deducted as the CRA does not allow deduction of the principal portion of debt payments. Ford Focus used by Jill for all administrative errands. Remaining $5830 towards Vac truck used exclusively by the business to earn revenue. Vac truck has $4300 per month loan payment, of which $300 per month is the deducted interest component and the remaining $4000 is not deducted as the CRA does not allow deduction of the principal portion of debt payments. The Vac truck is 7 years old, and has a lifespan of approximately 20 years, after which time it will need to be replaced. It was originally purchased for $40,000. | **$150:** $500 of $6330 amortization attributable to 2002 Ford Focus used personally by Jill Smith approximately 30% of the time | Mileage logs | Jill Smith |
| **Bank charges** | Bank statements and accounting principles | All payments were for business purposes and no personal benefit was derived from them. |  |  |  |
| **Insurance** | Receipts and accounting principles | Mitigating against business interruption and financial risks. | **$459:** $1530 of vehicle insurance attributable to 2002 Ford Focus used personally approximately 30% of the time by Jill Smith | Insurance statement, mileage logs | Jill Smith |
| **Interest on long-term debt** | Debt statements and accounting principles | All payments were for business purposes and no personal benefit was derived from them. |  |  |  |
| **Professional fees (including legal and accounting fees)** | Receipts and accounting principles | All payments were for business purposes and no personal benefit was derived from them. |  |  |  |
| **Repairs and maintenance** | Receipts and accounting principles | Repairing or maintaining equipment used to operate efficiently and/or create profit. | **$180:** $600 of vehicle repairs attributable to 2002 Ford Focus used personally approximately 30% of the time by Jill Smith | Repair invoices, mileage logs | Jill Smith |
| **Vehicle operating (automotive)** | Receipts and accounting principles | Vehicle used to operate efficiently and/or create profit. | **$134:** 10% of **$6700** gasoline attributable to 2002 Ford Focus used personally by Jill Smith approximately 30% of the time, but only 50% of total cost had been claimed as a business expense, with Jill paying the remainder personally (meaning only 20% should be added back). | Gas station receipts, mileage logs. | Jill Smith |
| **Wages and benefits** | Amount payable pursuant to employment agreement and accounting principles | Labour cost required to achieve business purposes. | See below. | Local knowledge of wages and cost to hire comparable replacement employee. | John Smith, Jill Smith, Mike Anonymous |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Non-arm’s length persons | | | | |
| Name | Relationship to Spouse | Title | Description of Responsibilities & Duties Performed  [Be specific and detailed, give examples] | Compensation Received |
| John Smith | Spouse | President, CEO, and Business Manager | All plumbing services, communicating with clients, marketing, seeking new clients, general operation of the business, strategic development, branding, travel. | Salary of $6000.00 per month plus profits and business meals (above). |
| Jill Smith | New partner | Secretary and bookkeeper | Paying bills, receipting funds, entering receipts into accounting software, correspondence with accountants, reviewing Financial Statements, tax compliance, general assistance. | Compensated $15,000, plus use of company car and business meals (above). Works approximately 20 hours per week minus two weeks of vacation. |
| Mike Anonymous | Childhood friend | Hired hand | Miscellaneous tasks as required, such as cleaning the shop and Vac truck every week, performing oil changes on the Vac truck. | Compensated $1,530. Wage of $15.00 per hour. Worked 102 hours. |

**We expressly consent to this spreadsheet being tendered in Special Chambers as proper evidence.**

**DO NOT waste your exhibit page limit by entering this document as an exhibit.**