

Practice Workpapers Series

Section K: CHECKLISTS – INCOME TAX

K7: Trading Stock Checklist

How to use this document:

This checklist is designed to assist in the determination and assessment of tax related issues and information required.

The Trading Stock Checklist is to be completed if inventory is in the ordinary course of business is sold, including livestock and crop stock, or inventory held or produced in a process of manufacture – including work In progress, raw materials and / or finished product.

Disclaimer

This document is intended as a guide only and does not purport to be comprehensive or to render accounting or other professional advice. You should seek independent advice from a qualified person before using or relying on any matter contained in this document. To the fullest extent permitted by law, The Institute of Bourke O'Brien Kennedy and any other persons who assisted in the preparation of this document expressly disclaim all liability for errors or omissions of any kind whatsoever (whether negligent or otherwise) or for any loss, damage or other consequence which may arise from any person relying upon this document.

TRADING STOCK CHECKLIST

Name of Client:

Tax File Number:

Australian Business Number (ABN):

Note: A detailed stock listing indicating the carrying value of all trading stock as at year end should accompany this checklist.

	Y	N	N/A
<ul style="list-style-type: none"> Does your business produce, manufacture or acquire trading stock that is held for the purposes of manufacture, sell or exchange inventory in the ordinary course of business or livestock? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so please indicate the nature of your inventory.			
<ul style="list-style-type: none"> Does trading stock include raw materials, partly manufactured stock and finished goods? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Does the business import any trading stock? 			
If so, please provide further details including the following: <ul style="list-style-type: none"> Items imported Terms of purchase from overseas suppliers (FOB / CIF etc) Currency of foreign purchase 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Where applicable, do you use packaging material to sell or manufacture your trading stock and has this been included in the valuation trading stock as at year end? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please provide further details.			
<ul style="list-style-type: none"> Where applicable, does your trading stock include spare parts in the valuation trading stock as at year end? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please provide further details.			
<ul style="list-style-type: none"> Where applicable, do you transport trading stock to separate business locations and /or customers in the ordinary course of business? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please provide further details, including details of any goods in transit insurance.			
<ul style="list-style-type: none"> Indicate below what method of valuation is employed by the business in valuing trading stock as at year end? 			
<ul style="list-style-type: none"> Cost price (this includes the allocation of cost of production for manufactured and partly manufactured stock) 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Replacement Cost 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Market Selling Value 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TRADING STOCK CHECKLIST

<i>Continued</i>	Y	N	N/A
<ul style="list-style-type: none"> Where inventory manufactured, held for manufacture or produced, has the absorption costing method been adopted in determining the carrying value of trading stock? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If not, please indicate the method adopted.			
<ul style="list-style-type: none"> Has any trading stock been written off during the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please indicate the relevant items and value of trading stock.			
<ul style="list-style-type: none"> Does trading stock include items taken for personal use? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please indicate the relevant items and value of trading stock.			
<ul style="list-style-type: none"> Does the business sell trading stock to related parties? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, are these items sold at an arms-length?			
<ul style="list-style-type: none"> Does the business sell trading stock to foreign entities? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, please provide further information?			