taxgpt

Tax Co-Pilot Built for Tax Professionals & Businesses.

Job-Cost Tax Checklist for Construction CFOs & Controllers

Aligning WIP, Tax GL, and Profitability Across Projects

Use this checklist to evaluate whether your job-costing system is audit-ready, tax-compliant, and strategically aligned with your financial reporting and tax posture.

1. WIP Schedule Accuracy

- ☐ WIP is updated monthly and reconciled to the tax general ledger
- ☐ Over/under-billings are clearly tracked and explained in internal reporting
- ☐ Retainage receivable is properly separated and not prematurely recognized as income
- ☐ Revenue cutoffs match ASC 606 project recognition thresholds

2. Tax GL Reconciliation

- ☐ Project-level costs match tax depreciation and capitalization treatments
- ☐ Revenue recognition aligns with contract methods (PCM vs CCM)
- ☐ Year-end adjustments are reviewed jointly by finance and tax leads
- ☐ GL entries are tagged for potential §263A (UNICAP) capitalization, if applicable

3. Deferred Tax Inventory & CAMT Readiness

- ☐ Deferred tax assets/liabilities from ASC 606 contract assets are reviewed quarterly
- ☐ CAMT thresholds (>$1B AFSI) are monitored and modeled in long-range planning
- ☐ ASC 340-40 costs (contract fulfillment expenses) are tracked and reconciled
- ☐ Internal memos or workpapers document book-to-tax timing differences

4. Fixed Asset & Equipment Integration

- ☐ Job-costing system reflects placed-in-service dates for accurate tax depreciation
- ☐ Cost segregation studies are integrated with job or facility asset accounts
- ☐ Repairs vs capital improvements follow IRS safe harbor guidance
- ☐ Bonus depreciation and §179 usage is planned before year-end

5. Revenue & Cost Controls

- ☐ Gross margin reviews include tax-adjusted profitability scenarios
- ☐ Cost codes are mapped for both job-costing and tax reporting purposes
- ☐ Change orders are logged and reflected in revenue/tax estimates
- ☐ Job closeout triggers a tax position review before filing deadlines

6. Documentation & Review Cadence

- ☐ Internal checklists and workflows exist for job-cost/tax GL alignment
- ☐ Quarterly pre-close meetings include tax representation
- ☐ Audit-ready files are maintained with reconciliations, workpapers, and assumptions
- ☐ External CPAs are looped in on WIP/tax disconnects ahead of filings