

Audit-Ready File Checklist for Manufacturers (2025 Edition)

Stay prepared. Stay compliant. Stay ahead.

This checklist helps manufacturing tax teams organize and maintain critical documentation across federal, state, and international compliance areas most likely to trigger audit scrutiny in 2025.

1. R&D Tax Credit & §174 Amortization

- ☐ Complete §174 amortization schedule by project and year
- ☐ Add-back workpaper showing coordination between §174 and §41
- ☐ Project-level time tracking (engineers, technicians, devs)
- ☐ Cost categorization support (wages, supplies, contractor detail)
- ☐ Contemporaneous documentation: project plans, PLM logs, version control
- ☐ Finalized Form 6765 with supporting schedules

2. Bonus Depreciation & §179 Expensing

- ☐ Fixed asset register with placed-in-service dates
- ☐ Bonus depreciation eligibility mapping by asset class
- ☐ §179 election statement and deduction ceiling analysis
- ☐ Capital project timing models (especially tooling vs. plant upgrades)
- ☐ MACRS depreciation schedules and book-tax reconciliations

3. Inventory & Cost Accounting

- ☐ Inventory method documentation (LIFO, FIFO, §471(c), UNICAP)
- ☐ LIFO reserve analysis and audit trail
- ☐ Inventory valuation memos and cost allocation methodology
- ☐ Physical inventory count records and adjustments
- ☐ Method change filings (e.g., Form 3115, if applicable)

4. CAMT-Specific Documentation

- ☐ AFSI computation workpaper (CAMT income base)
- ☐ Reconciliations for deferred tax assets/liabilities
- ☐ Adjustments for accelerated depreciation and non-deductible
- ☐ CAMT vs. regular tax liability comparative model
- ☐ Completed Form 4626 with supporting documentation

5. Credits & Incentives

- ☐ §45X / §48D / §48C substantiation (production logs, cost segregation, facility details)
- ☐ Energy-efficient building design documentation for §179D
- ☐ State R&D credit calculations with base period support
- ☐ Job creation or investment credit pre-certification letters
- ☐ IC-DISC transfer pricing and export transaction support

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6. State & Local (SALT) Compliance

- ☐ Nexus mapping: economic thresholds, digital activity logs, transaction counts
- ☐ Sales tax exemption certificates with expiration tracking
- ☐ Throwback rule sourcing analysis and state apportionment schedules
- ☐ Local business property tax records (depreciation, asset disposals)
- ☐ State-by-state method elections and audit correspondence

7. Payroll & Labor Credits

- ☐ WOTC certifications (Form 8850 + ETA 9061), tracking of qualified hires
- ☐ Payroll records showing wages claimed and PPP interactions

8. International & Cross-Border

- ☐ GILTI tested income and high-tax exclusion election workpapers
- ☐ FDII deduction calculations with revenue source detail
- ☐ Foreign tax credit attribution and sourcing analysis
- ☐ BEAT exposure modeling and QDP election disclosures
- ☐ Pillar Two / QDMTT readiness assessment and entity-by-entity ETR modeling

9. Customs & Trade Compliance

- ☐ Section 321 exemption tracking by SKU, shipment, and volume
- ☐ First-sale rule documentation (invoices, contracts, payment flows)
- ☐ Country of origin labeling and tariff classification support
- ☐ Audit trail for customs values and HS code assignments

10. IRS E-Filing Compliance

- ☐ Filing volume audit for 10-return threshold
- ☐ Confirmation of e-file capabilities for all applicable return types
- ☐ Transmission receipts and validation notices for each submission

Bonus Tip:

Keep digital files organized by category and tax year. Use cloud-based folders with audit-readiness tags (e.g., “S174 – 2025 – Final”).