Tax Returns, Bank Statements, and Financial Statements: Determining Income in Divorce Cases with a Spouse who has their Own Business
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Determining income in cases with clients who have their own business requires looking beyond the Financial Statement. The way to approach the determination of income is twofold. First, verify the information you have received and second, check for unreported income.

- Bank statements:

A. Compare bank deposits of a business owned and operated by the income producing spouse to the amount of revenue reported on the tax return of the business.

B. Analyze persons or businesses to whom checks are written. Consider whether the payees could be relatives or related businesses of which the non-working spouse is not aware. Review business credit card statements for non-business expenditures as well.

- Profit & Loss statements:

A. Compare several years' profit and loss statements of the business in order to note whether the revenues are showing dramatic decreases or, expenses are showing unusually large increases between years.

B. Look closely at expenses. Are personal expenses being run through the expense accounts of the business.

C. Determine whether there are any expenses in the business which, although legitimate business expenses in the year taken, are non-recurring and therefore infer income is likely to be higher in subsequent years.