

Schedule C Worksheet for Self-Employed Filers and Contractors

This document will list and explain the information and documentation that we will need in order to file a tax return for a self-employed person, a contract worker, or a sole-proprietor of a business. In summary, we need three sources of information:

1. Information and documentation of **business income and expenses** (explained in Part 1)
2. Documentation of **personal (non-self-employed) income and other tax information** (see Part 2)
3. Last year's **complete tax return**, including all accompanying schedules and forms

Part 1: BUSINESS INCOME AND EXPENSES

INCOME	<ul style="list-style-type: none"> • Profession / type of work _____ <p>To calculate your gross income (revenue before business operational expenses are deducted), we need you to provide several figures:</p>
TOTAL Gross receipts \$ _____	<ul style="list-style-type: none"> • Gross receipts this is the total of all monies received (sales) from your business activities. This does not include any money received from business loans, investors (including you, the owner), or the sale of fixed assets (like old equipment). It does include 1099-MISC income. NOTE: Do not count sales tax you collected and paid to the state as income or expense.
TOTAL Cost of Goods Sold \$ _____	<ul style="list-style-type: none"> • Total Cost of Goods Sold This includes: <ul style="list-style-type: none"> • Purchases of inventory • Purchases of materials, parts, ingredients, or other supplies directly used in producing or procuring your product • Packaging or shipping expenses, when not paid by customers or accounted for elsewhere
Year-end inventory value \$ _____	<p>The value of any year-end inventory will be subtracted from the costs you paid out over the year; if you had inventory left at year end, list that amount.</p>
TOTAL Other business income \$ _____	<ul style="list-style-type: none"> • Other business income this will not be relevant to most businesses. If you have business-related income from sources other than your actual business activities, include this income here. Such income may include: <ul style="list-style-type: none"> • grants, awards, or prizes received by your business • scrap sales • recovered bad debt • earnings from investments held by the business (not by you personally) • federal or state gasoline or fuel tax credits or refunds • miscellaneous business income

EXPENSES

To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your field of business. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be indispensable to be considered necessary.

To file with us, you need to bring a breakdown of your deductible business expenses subtotaled by category.

The expense categories used on the Schedule C are listed below, with examples and notes. It is up to you to determine into what categories your individual expenses fall.

In some cases, an individual expense could be considered one of several types of expenses (example: you might consider a printer cartridge to be an office expense; another person might call it supplies). Choose what makes sense to you—just be consistent, and be sure you do not count the same individual expense more than once.

TYPES OF DEDUCTIBLE EXPENSES:

- **Advertising**, and related marketing expenses, including:

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TOTAL Advertising \$ _____ Business use of home: <u>See Part 3 worksheet on last page</u> TOTAL miles driven for business Jan-Dec _____ Total miles commuting _____ Total miles other travel _____ vehicle put into use for business (date) DD ___ MM ___ YY ___	<ul style="list-style-type: none"> ○ Business cards ○ Newspaper or other print ads ○ Brochures ○ Radio / TV ads ○ Flyers ○ Signs ○ Website design and maintenance ○ Expenses <ul style="list-style-type: none"> ● <u>Business Use of Home</u> <ul style="list-style-type: none"> ○ If you use a portion of your home as your principal place of business, you may be able to deduct part of your rent or mortgage, as well as certain other relevant home expenses. ○ The part of your home used for business generally must be used exclusively and regularly for business purposes; in-home childcare businesses are treated differently. ○ Fill out the "Business Use of Home" worksheet on page 9 of this checklist if you have relevant business use of home expenses. ○ For more information or for assistance calculating your allowable deduction, see IRS Publication 587, Business Use of Your Home, or contact Sean (916-246-2082) for help. ● <u>Car and truck expenses</u> - You may deduct car/truck expenses for local or extended business travel, including: <ul style="list-style-type: none"> ○ between one workplace and another, ○ to meet clients or customers, ○ to visit suppliers or procure materials, ○ to attend meetings, ○ for other ordinary and necessary managerial or operational tasks or needs of your business. ● You cannot deduct the costs of driving your car or truck between your home and your main or regular workplace. These costs are personal commuting expenses. ● You should have kept a record of your business-related mileage over the year. We will use the IRS's standard mileage rates of 56.5 cents per mile for your deduction of business-related travel. This rate accounts for gas, repairs, maintenance, depreciation, and auto insurance (but not interest on a car loan). ● If you do not have a record of mileage or are unsure how to calculate your total, contact Sean (916-246-2082) for help. <p>Do you (or your spouse) have another vehicle available for personal use? <u>___YES___NO___</u></p> <p>Was your vehicle available for use during off-duty hours? <u>___YES___NO___</u></p>
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DEPRECIATION

Depreciable assets? <input type="checkbox"/> Previous year. <input type="checkbox"/> New	We can only file tax returns for businesses with simple depreciation: <ul style="list-style-type: none"> ● If you put new depreciable business assets into service in tax year, they must be of a very simple depreciation type contact Sean (916-246-2082) to discuss your depreciation before submitting your tax materials. ● If you have business assets already partially depreciated, you must be able to provide a depreciation schedule from a prior tax return. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Itemize new assets to be depreciated</th> <th style="width: 20%;">Cost</th> <th style="width: 40%;">Date placed in service</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Itemize new assets to be depreciated	Cost	Date placed in service									
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INSURANCE

TOTAL Non-Health Insurance	<ul style="list-style-type: none"> ● Liability insurance ● Property insurance for business assets (equipment, inventory, etc.) ● Business interruption insurance ● Fire / flood insurance on business property
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\$ _____	<ul style="list-style-type: none"> Any rider on homeowner's insurance to cover business uses of your home <p>NOTE: if you pay for personal health insurance, it may be deductible. Please itemize this separately from other business-related insurance expenses. Total Personal Health Insurance: \$ _____</p>
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INTEREST

TOTAL Interest \$ _____	<ul style="list-style-type: none"> You may deduct interest paid on business loans, other loans for business property, and credit cards or lines of credit that are used solely for business expenses. If you own your home and use it as your principal place of business, you may be able to deduct your mortgage interest, however do not include that here. See Business Use of Home above. You may not deduct the principal portion of any loan payments, or the entire loan payment amount. Most lenders or creditors will send you an annual statement indicating how much interest was paid in 2013; if you are unsure how to determine this, contact your lender / creditor.
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LEGAL AND PROFESSIONAL SERVICES

TOTAL Legal & Professional \$ _____	<ul style="list-style-type: none"> Bookkeeping services Payroll services Accountant fees (including tax preparation fees) Legal fees <p>NOTE: You generally cannot deduct legal fees paid in the process of acquiring business assets (e.g., purchasing a building).</p>
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OFFICE EXPENSES

TOTAL Office Expenses \$ _____	<ul style="list-style-type: none"> Paper goods and stationery General office supplies Photocopying, printing, and office-related services Postage, shipping, billing, and other general administrative costs <p>NOTE: Do NOT include the purchase or printing of business cards or other marketing materials that were included in Advertising expenses above.</p>
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RENT OR LEASE OF PROPERTY AND/OR EQUIPMENT

TOTAL Rent or Lease \$ _____	<ul style="list-style-type: none"> Office or retail space Production or workshop space Storage space for inventory or equipment Vehicle(s) for business use Business equipment <p>NOTE: If you rent your home and use part of it as your place of business, you may be able to deduct a portion of your rent. This will not be included here but will fall under Part 3 Business Use of Home.</p>
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REPAIRS AND MAINTENANCE

TOTAL Repair and Maintenance \$ _____	<p>On owned, rented, or leased business property and/or equipment</p> <p>NOTE: Do NOT count repair/maintenance expenses for vehicles whose use was included in the section for car and truck expenses above.</p>
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SUPPLIES

TOTAL Supplies \$ _____	<p>Including small goods or items used for general operational needs of the business.</p>
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NOTE: materials, ingredients, parts, or components of your product(s), or supplies that are exclusively used for production of your product(s), should not be included here. These are included in Cost of Goods Sold, as explained above in the Income section. Be sure you do not count any of these expenses twice.

TAXES AND LICENSES

TOTAL Taxes & Licenses \$ _____	<ul style="list-style-type: none"> • Fees for permits or licenses that are ordinary and necessary for your line of business • Property / real estate taxes on property you own that is used for business purposes, not including your home. Real estate taxes on your home should go under Business Use of Home, above. <p>NOTE: Do not include sales tax here. If you paid sales tax on goods and services you purchased for your business, this should be included with the cost of those goods and services in the relevant expense.... .. categories. Sales tax paid to New York State that was collected on goods and services you sold is not a business expense. And is also not counted as gross income.</p>
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TRAVEL, MEALS AND ENTERTAINMENT

TOTAL Travel (Except Meals) \$ _____	For the ordinary and necessary expenses of traveling away from home, when you are required to be away substantially longer than an ordinary day's work, including:
50% Of TOAL Meals \$ _____	<ul style="list-style-type: none"> • Transportation (not including car/truck expense, covered above) • Baggage and shipping • Lodging, including associated tips • Meals and entertainment, including associated tips • Other services such as telephones and dry cleaning <p>NOTE: In general, meals taken while on business travel are only 50% deductible, and you must be away from home overnight. You cannot claim meals when you are away from home for a usual workday For rules on allowable entertainment expenses, see IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses.</p>

UTILITIES

TOTAL Utilities \$ _____	For services supplied solely to your place of business, and NOT to your home, including:
	<ul style="list-style-type: none"> • Gas • Electricity • Heat • Telephone <p>NOTE: If you use your home as a place of business, you may be able to deduct part of your home utility bills. See Part 3 Business Use of Home.</p>

OTHER EXPENSES

If you have other, legitimate business expenses that do not appear to fit in any of the expense categories listed above, you may include them here. **These expenses must be itemized** (listed individually), unlike for the categories above.

Other Expenses (Itemized)	Cost

You may also find it helpful to review IRS Publication 334, Tax Guide for Small Businesses.

Part 2: Personal Income, Deductions, and Other Tax Documentation

PERSONAL INFORMATION AND DOCUMENTATION

-
- Name
 - Social Security Card or Individual Taxpayer Identification Number (ITIN)
 - Valid Driver's License or State Identification Card
 - All Dependent's Social Security Numbers and Dates of Birth
 - Bank Account Information for Electronic Refund Deposit with Routing Number
 - Last Year's Federal and State Tax Returns

SOURCE OF INCOME

-
- Wage Statements (Form W-2)
 - Interest Income (Form 1099-INT or substitute)
 - Dividend Income (Form 1099-DIV or substitute)
 - Self-Employment Income (Form 1099-MISC)
 - Sales Commissions (Form 1099-MISC)
 - Social Security Income (Form SSA-1099)
 - Unemployment Income (Form 1099-G)
 - Pension Retirement Income (Form 1099-R)
 - IRA or 401(k) Distribution Income (Form 1099-R)
 - State Income Tax Refund (Form 1099-G)
 - Gambling or Lottery Winnings (Form W-2G)
 - Miscellaneous Income (Form 1099-MISC)
 - Alimony Income
 - Rental Income
 - Sale of Business Assets
 - Sale of Personal Residence
 - Stock and Bond Sales (Form 1099-B)
 - Income From Partnerships, Corporations, Trusts, Estates (Schedule K-1)

DEDUCTIONS & ADJUSTMENTS TO INCOME

-
- Estimated Income Taxes already paid (Form 1040-ES Payment Vouchers)
 - Traditional IRA Contributions
 - Mortgage or Home Equity Loan Interest (Form 1098)
 - Medical Expenses (including Dental and Eye Care)
 - Charitable Contributions (Cash and Non-Cash)
 - Child Care Expenses
 - Educator Expenses
 - Job-Related Educational Expenses
 - Student Loan Interest (Form 1098-E)
 - Tuition and Education Fees (Form 1098-T)
 - Lottery and Gambling Losses
 - Moving Expenses
 - Alimony Expense
 - Expenses from Rental Properties
 - Theft and Casualty Losses
 - Foreign Taxes
 - State Income Tax
 - State and Local Sales Tax
 - Real Estate or Personal Property Taxes
 - Unreimbursed Employee Business Expenses

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TAX CREDITS
 Dependent Day Care / Provider (Address and Employer Identification Number (EIN))
Part 3: Business Use of Home Worksheet

If you use a portion of your home as your principal place of business, you may be able to deduct part of your rent or mortgage, as well as certain other relevant home expenses. In order to claim these business expenses, the part of your home used for business generally must be used **exclusively** and **regularly** for business purposes. These purposes can include home office, production/workshop space, storage, etc. For in-home daycare providers, the usage need not be exclusive.

An expense that covers the **entire home**, such as rent or central heating, is considered an indirect expense. You may only deduct a percentage of these expenses equal to the percentage of the home's area that your business uses. For example, a 150 square foot office in a 1500 square foot home is 10% of the home's total area and would mean 10% of relevant home expenses could be deducted.

An expense that applies **only to the business area** of the home is called a **direct expense**. If you heat your basement work studio (and only the studio) with a pellet stove, the cost of the pellets would be fully deductible as a direct expense. If you paint your home office (but not the rest of the house), you can claim the whole expense.

Below, fill in the worksheet with the required information. Indicate whether each item is a direct or indirect expense.

1. Part of your home used for business

Total area of home (square feet): _____

Area of home used for business purposes (square feet): _____

Daycare providers:

Because you can deduct home business expenses even if you don't use an area exclusively, we need additional information about the operating hours of your business in order to calculate your percentage.

Days open per year _____

Hours per day _____

2. Applicable home business expenses

For each expense, fill in the cost and indicate whether the expense is direct or indirect. There are additional spaces to itemize utility costs and other expenses that relate to business use of home. Be sure that you do not enter any expenses you might already have listed on other parts of the worksheet.

Expenses	Total Expenditure for 2016	Direct (D) or Indirect (I)
Rent (for whole home, not just business area)		
Mortgage Interest		
Real Estate Taxes		
Homeowners' / Renters' Insurance		
Repairs, Maintenance, and Improvements		
Utilities (list each separately)		

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