

# Sole Proprietorship Tax Organizer

Use a separate organizer for each business



## General Information

Name of Sole Proprietor	
Business name (if different)	EIN (if applicable)
Business address (if different from home address)	
Principal business activity	Date business started
Principal product or service	
<input type="radio"/> Yes <input type="radio"/> No	Was the primary purpose of the business activity to realize a profit?
<input type="radio"/> Yes <input type="radio"/> No	Did you materially participate in the operation of this business?
<input type="radio"/> Yes <input type="radio"/> No	Has the business reported any losses in prior years?
Accounting method: <input type="radio"/> Cash <input type="radio"/> Accrual <input type="radio"/> Other (specify)	
<input type="radio"/> Yes <input type="radio"/> No	Does the business file under a calendar year? (if no, what is the fiscal year?)

## Specific Questions

<input type="radio"/> Yes <input type="radio"/> No	Did you pay any family members for services?	
<input type="radio"/> Yes <input type="radio"/> No	Did you make any payments of \$600 or more to subcontractors, attorneys, accountants, directors, etc?	
<input type="radio"/> Yes <input type="radio"/> No	If Yes, did you issue Form 1099-MISC?	
<input type="radio"/> Yes <input type="radio"/> No	Did you make, or do you plan to make, any contributions to a self-employment retirement plan?	
	Type of plan	Amount contributed \$
<input type="radio"/> Yes <input type="radio"/> No	Did you pay for your own health/dental insurance?	If Yes, provide amount paid. \$
<input type="radio"/> Yes <input type="radio"/> No	Did you have employees?	
<input type="radio"/> Yes <input type="radio"/> No	Did you have any bartering transactions?	

## Business Income

Gross receipts or sales ( <i>if you received Forms 1099-MISC or 1099-K, provide forms to tax preparer. Do not include these amounts in this total.</i> )	\$
Total of all 1099-MISC forms	\$
Total of all 1099-K forms	\$
Returns and allowances	\$
Other income ( <i>not included in gross receipts above</i> )	\$

**Form 1099-MISC.** You may receive Form 1099-MISC (instead of Form W-2) if you are not classified as an employee. If you receive Form 1099-MISC, you are generally required to file Schedule C, *Profit or Loss from Business*, claim any expenses associated with the income received, and must pay self-employment (SE) tax on the income.

## Cost of Goods Sold

*(for manufacturers, wholesalers and businesses that make, buy or sell goods)*

Inventory at the beginning of the year	\$
Purchases	\$
Cost of labor	\$
Materials and supplies	\$
Inventory at the end of the year	\$

## Business Expenses

Advertising	\$	Office supplies	\$
Bad debts	\$	Start-up costs ( <i>first year of business</i> )	\$
Bank charges	\$	Pension and profit sharing plans	\$
Business licenses	\$	Rent or lease - car, machinery, equipment	\$
Commissions and fees	\$	Rent or lease - other business property	\$
Contract labor*	\$	Repairs and maintenance	\$
Employee benefit programs	\$	Supplies ( <i>not included in inventory cost</i> )	\$
Employee health care plans	\$	Taxes - payroll*	\$
Entertainment & business meals (in town)	\$	Taxes - property	\$
Gifts	\$	Taxes - sales	\$

Insurance (other than health insurance)	\$	Taxes - state	\$
Interest - mortgage	\$	Telephone	\$
Interest - other	\$	Utilities	\$
Internet service	\$	Wages*	\$
Legal and professional services	\$	Management fees	\$

\*Provide copies of Form W-3, Form 940, Form 941, Form 1096, Form 1099-MISC and any state tax forms filed.

**Other Business Expenses - List type and expense amount**

	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

**Vehicle Expenses (use a separate form for each vehicle)**

**Vehicle #1**

Make/Model:		Date car placed in service:	
<input type="radio"/> Yes <input type="radio"/> No	Vehicle available for personal use during off-duty hours?	Did you trade in vehicle this year? <input type="radio"/> Yes <input type="radio"/> No	
<input type="radio"/> Yes <input type="radio"/> No	Do you (or your spouse) have any other vehicles for personal use?	Cost of trade-in: \$	Trade-in value: \$
<input type="radio"/> Yes <input type="radio"/> No	Do you have evidence to support your mileage?	<i>Actual Expenses</i>	
<input type="radio"/> Yes <input type="radio"/> No	Is your evidence written?		
<i>Mileage</i>		Gas/oil	\$
Beginning of year odometer		Insurance	\$
End of year odometer		Parking fees/tolls*	\$
Business mileage		Registration/fees*	\$
Commuting mileage		Repairs	\$
Other mileage		Auto loan interest*	\$

**Vehicle Expenses (use a separate form for each vehicle)**

**Vehicle #2**

Make/Model:		Date car placed in service:	
<input type="radio"/> Yes <input type="radio"/> No	Vehicle available for personal use during off-duty hours?	Did you trade in vehicle this year? <input type="radio"/> Yes <input type="radio"/> No	
<input type="radio"/> Yes <input type="radio"/> No	Do you (or your spouse) have any other vehicles for personal use?	Cost of trade-in: \$	Trade-in value: \$
<input type="radio"/> Yes <input type="radio"/> No	Do you have evidence to support your mileage?		
<input type="radio"/> Yes <input type="radio"/> No	Is your evidence written?	<b>Actual Expenses</b>	
<b>Mileage</b>		Gas/oil	\$
Beginning of year odometer		Insurance	\$
End of year odometer		Parking fees/tolls*	\$
Business mileage		Registration/fees*	\$
Commuting mileage		Repairs	\$
Other mileage		Auto loan interest*	\$

Generally, you can use either the standard mileage rate or actual expenses to figure the deductible costs of operating your car for business purposes. However, to use the standard mileage rate, it must be used in the first year the car is available for business. In later years, you can then choose between either the standard mileage rate method or actual expenses.

\*You can deduct parking fees and tolls, registration and property tax fees and auto loan interest as long as you can prove they are business expenses in addition to the standard mileage rate deduction.

**Travel Expenses**

**Meals.** You can deduct the cost of meals while traveling away from home on business. You can use the actual cost of your meals or the standard meal allowance per diem, which vary by location.

**Travel/Lodging.** You can deduct the ordinary and necessary expenses of traveling away from your home for business purposes. Included expenses are transportation, airfare, taxi, lodging, etc.

City visited (for per diem)	# of days in city	City visited (for per diem)	# of days in city

**Travel expenses**

Airfare	\$	Other travel expenses (describe below)	
Bus, train, taxi	\$		\$
Entertainment	\$		\$

Lodging	\$		\$
Parking and tolls	\$		\$
Meals ( <i>actual receipts</i> )	\$		\$

### Equipment Purchases

Enter the following information for depreciable assets purchased that have a useful life greater than one year

Asset	Date purchased	Cost	Date placed in service	New or used?
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		

**Depreciation.** If property you acquire to use in your business is expected to last more than one year, you generally cannot deduct the entire cost as a business expense. Depreciation spreads out the cost of a business asset allowing you to recover the cost or other basis of property over a period of years. It is an annual allowance for the wear and tear, deterioration or uselessness of property. The IRS has outlined a useful life (a set number of years) for most assets.

### Equipment Sold or Disposed of During the Year

Asset	Date out of service	Date Sold	Selling price/FMV	Trade-in?
			\$	
			\$	
			\$	
			\$	

**Disposition of Property.** A disposition of property occurs when you sell property for cash or other property, you exchange property for other property, you transfer property to satisfy a debt, you abandon property, your bank forecloses or repossesses your property or your property is damaged, destroyed or stolen and you receive property or money in payment.

## Business Use of the Home

Area of home must be exclusively used for business except for storage or day care.

**Note:** Managing rental activities or investments does not qualify for business use of the home.

<i>All Taxpayers</i>		<i>For Day Care Only</i>	
A) Business use area (square footage)		1) Hours used for day care	
B) Total area of home (square footage)		2) Total hours in year	8,760 hours

Enter below only the expenses paid during the period the home was used for business.

**Direct expenses** benefit only the business use portion of the home. This includes painting or repairs exclusively for the business area.

**Indirect expenses** are for keeping up and running the entire home, such as mortgage interest and property taxes.

If you bought or sold your home during the tax year, copy this worksheet and fill out one for each home.

	<i>Direct</i>	<i>Indirect</i>		<i>Direct</i>	<i>Indirect</i>
Mortgage Interest	\$	\$	Repairs/maintenance	\$	\$
Property taxes	\$	\$	Utilities	\$	\$
Insurance	\$	\$	Other	\$	\$

### **Depreciation of the Home**

Lower of cost or fair market value of home	\$	Improvements?	<input type="radio"/> Yes <input type="radio"/> No
Value of land	\$	Casualty losses in tax year?	<input type="radio"/> Yes <input type="radio"/> No
Depreciable basis of home	\$	Use as an employee?	<input type="radio"/> Yes <input type="radio"/> No

To qualify to deduct expenses for business use of your home, the area must meet the following tests:

#### **1) Exclusive Use Test**

The exclusive use test is met if an area of the home is used only for business. The area can be a room or other separately identifiable space. The space does not need to be marked off by a permanent partition. This test is not met if the taxpayer uses the area both for business and for personal purposes, such as a den used for business during the day and TV viewing during the evening. The exclusive use test is not required for:

- An area used on a regular basis for storage of inventory or product samples.
- A home used as a day care facility.

Storage of inventory or product samples—exception to exclusive use test. A taxpayer using part of a home for business to store inventory or product samples is not required to meet the exclusive use test. However, the taxpayer must meet all the following tests:

- The taxpayer is in the business of selling products at wholesale or retail.
- The inventory or product samples are kept in the home for use in the business.
- The taxpayer's home is the only fixed location of the business.
- The storage space is used on a regular basis.
- The storage space is a separately identifiable space suitable for storage.

#### **2) Regular Use Test**

The regular use test means a taxpayer must use a specific area of the home for business on a regular basis. Incidental or occasional business use is not regular use. All facts and circumstances are considered in determining whether the business use is regular.

### **3) Trade or Business Use Test**

To satisfy the trade or business use test, the portion of the home used for business must be used in connection with a trade or business. If the business use is for a profit-seeking activity that is not a trade or business, the deduction is not allowed.

### **4) Principal Place of Business Test**

A trade or business can have more than one location. To qualify for a business use of home deduction, the home must be the principal place of business for that trade or business. To make this determination, the following are considered:

- The relative importance of the activities performed at each place where business is conducted, and
  - The amount of time spent at each place where business is conducted.
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### **Self-Employment (SE) Tax**

SE tax is a Social Security and Medicare tax primarily for individuals who are self-employed. It is similar to the Social Security and Medicare tax withheld from the pay of most wage earners. Your payments of SE tax contribute to your coverage under the Social Security system. Social Security coverage provides you with retirement benefits, disability benefits, survivor benefits, and hospital insurance (Medicare) benefits.

You must pay SE tax if your net earnings from self-employment were \$400 or more, or you had church employee income of \$108.28 or more. The SE tax rules apply no matter how old you are and even if you are already receiving Social Security or Medicare benefits. The current SE tax rate on net earnings is 15.3% (12.4% for Social Security plus 2.9% for Medicare).