

Schedule C Cheat Sheet

1. **out of scope for** •expenses > \$35,000 •net loss •Hobby income or not for profit activity •Professional gamblers
•Bartering •Any transactions involving crypto currency such as Bitcoin •Method of accounting other than cash
•Taxpayer does not meet the tests for material participation or is uncertain about materially participating in business
•Payments made that require F 1099 to be filed •Returns and allowances •Cost of Goods Sold (inventory), but Goods purchased for resale or as raw material can be expensed by an in-scope taxpayer instead of being treated as inventory •**Other income** •Auto, except standard mileage method •Contract labor
•Depletion •Depreciation or when F 4562 is required •Expenses for employees •Vehicle rental or lease more than 30 days (use standard mileage rate method only) •Casualty losses, amortization •Business use of home
2. All income for the same business go on a single Sch C – **on the first line**. “Other income” is out of scope.
3. Under Basic Information About Your Business, generally there is no employer info to enter.
4. While premiums for the Self-Employed Health Insurance (SEHI) deduction do not show up on Sch C, the premiums are still entered on the Sch C data entry page for General Expenses. See the row below for Self Employed Health Insurance for more details.
5. "OK to expense small tools etc. if cost is less than \$2500 per item or invoice. See IRS Notice 2015-82." (D-18) Enter on Other Expense page and label what it is plus "DE MINIMIS ASSET"
6. Other Expenses also include "BUSINESS EDUCATION" and "BUSINESS GIFTS"
7. D-23 gives a list of expenses that can and cannot be deducted.
8. Rentals of business equipment are deductible and in scope.
9. **Mileage to/from contract site NOT an acceptable expense, unless it is to a temporary work location outside your metropolitan area (D-25). Travel between sites is OK.**
10. To use the standard mileage rate for a car you own, you must choose to use it in the first year the car is available for use in your business. Then, in later years, you can choose to use the standard mileage rate or actual expenses.
11. For a car you lease, you must use the standard mileage rate method for the entire lease period (including renewals) if you choose the standard mileage rate.
12. Standard mileage rate includes car depreciation, gas/oil, repairs, insurance and non-tax portion of registration, but not parking, tolls or business part of car registration tax (include if significant or not itemizing). Should have written record (log or appointment book). (D-24)
13. "Travel" (that goes to Sch C line 24a) includes lodging and transportation.
14. "In general, you can deduct only 50% of your business-related meal and entertainment expenses. (If you are subject to the Dept of Transportation's “hours of service” limits, you can deduct 80%" (IRS.gov)
15. **Notary income** is not subject to the self-employment tax or EIC. Go to Self-Employment Tax, Sch SE, & enter net profit from the notary business (Schedule C line 31) in the box Exempt Notary Income.
16. Beginning in TY 2018, the cost of goods purchased for resale or as raw materials can also be expensed in the year paid for and are listed as Materials and supplies in the Cost of Goods Sold section in TaxSlayer. Supplies are also deductible in the year they are paid for.

Schedule C Cheat Sheet (Expenses in Alphabetical Order)

- Advertising
- Contract Labor **Out of Scope**
- Commission and fees
- Depletion **Out of Scope**
- Employee benefit programs **Out of Scope**
- Health Insurance (will carry automatically to worksheet) (Page E-5) **Enter all eligible Health Insurance here (except Long Term Care Premiums, which go below) for the SEHI deduction**
- Insurance (other than health)
- Long-Term Care Insurance to be Carried to Adjustment (Page E-5) **Enter eligible Long Term Care Premiums for SEHI here (and limits will automatically be applied)**
- Mortgage interest
- Other interest **Out of Scope ???**
- Legal and professional services **usually attorney & accountant fees**
- Office expense – **NOT HOME OFFICE**
- Pension and profit sharing **Out of Scope**
- Rent or lease of equipment **Out of Scope if a vehicle is rented >30 days. Other equipment can be >30 days.**
- Rent or lease of property
- Repairs and maintenance **Assets or repairs to assets that cost less than \$2,500 per item or invoice can be deducted without depreciating it. Enter it on the Other Expense page labeled "de minimis asset" and name of item.**
- Supplies **include office supplies, books, postage, etc. -**
- Taxes and licenses
- Travel
- Meals (50%) Enter 100% of the expenses.
- Meals (80%) Enter 100% of the expenses.
- Utilities **such as business phone**
- Wages **Out of Scope**