Tax Primer

for Self-Employed Parents Completing the Parents’ Financial Statement

Introduction

Use this primer to get an understanding of which few tax forms are most helpful to business or farm owners as you complete your Parents' Financial Statement (PFS).

This primer doesn't provide an overview of every possible tax form you might receive or need to file with IRS. Instead, it focuses on the forms that self-employed families may need to have on hand to complete the PFS accurately and correctly.

The tax forms covered in this tax primer are:

- Form W-2
- Form 1040
- Schedule C
- Schedule E
- Schedule F
- Schedule K-1
- Form 1099-MISC
- Form 1065
- Form 1120S

For each of these tax forms, the primer answers 3 questions:

1. What is the form used for?
2. What does the form look like?
3. Which lines on the form matter the most for completing the PFS?

– Important –

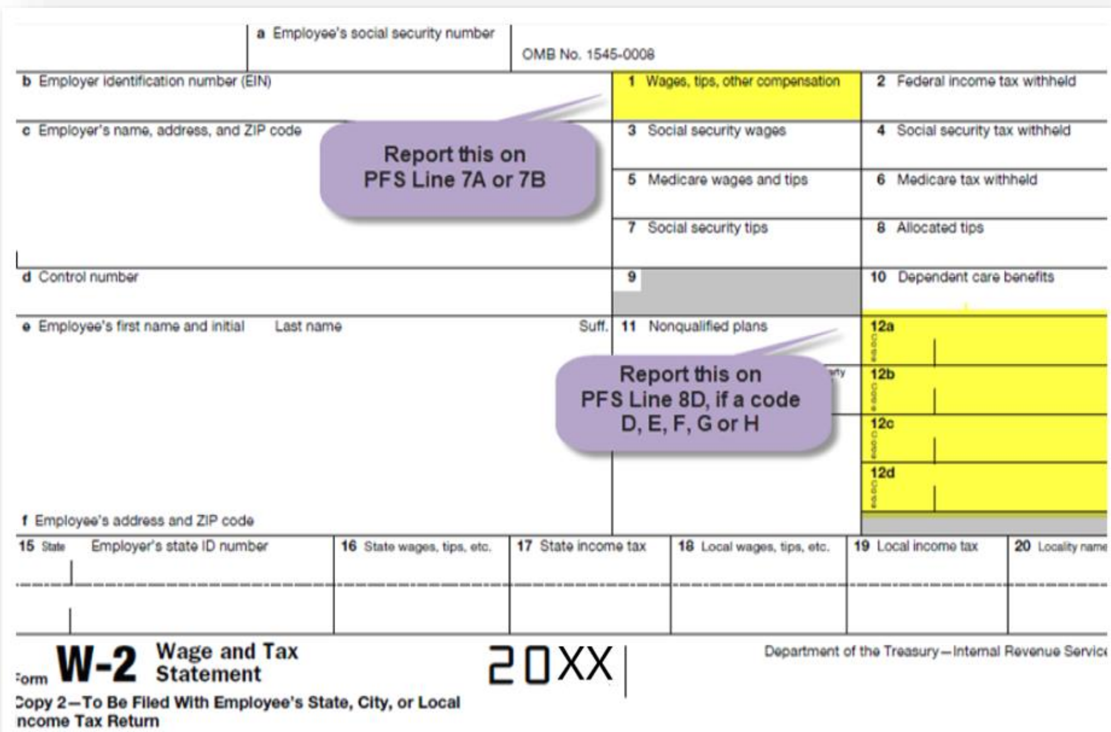
Be sure to send all your tax forms as required by each school you are applying to for financial aid. Do not limit what you submit to schools to the documents covered in this primer. If a school requires your tax forms and schedules, be sure to send or upload the full set of tax that you submit to the IRS when filing your tax return. Doing so ensures that you complete each school's document requirements correctly, avoiding possible delays in the process.

Form W-2

What is the Form W2 for?

The W-2 is an annual statement of your earnings for the calendar year, provided by your employer. It also displays how much was withheld from your pay for taxes, Social Security, and Medicare. This is where you can also see how much of your income was put into certain types of pre-tax retirement plans.

What does the Form W2 look like?


a Employee's social security number
OMB No. 1545-0008
b Employer identification number (EIN)
1 Wages, tips, other compensation
2 Federal income tax withheld
c Employer's name, address, and ZIP code
3 Social security wages
4 Social security tax withheld
5 Medicare wages and tips
6 Medicare tax withheld
7 Social security tips
8 Allocated tips
d Control number
9
10 Dependent care benefits
e Employee's first name and initial Last name Suff.
11 Nonqualified plans
12a
12b
12c
12d
f Employee's address and ZIP code
15 State Employer's state ID number
16 State wages, tips, etc.
17 State income tax
18 Local wages, tips, etc.
19 Local income tax
20 Locality name
Form W-2 Wage and Tax Statement
20XX
Department of the Treasury—Internal Revenue Service
Copy 2—To Be Filed With Employee's State, City, or Local Income Tax Return

Which lines on Form W-2 matter most for completing the PFS?

If you pay yourself a salary from your business, that salary will appear in Box 1. Report the salary in Box 1 of your W-2 on line 7A of the PFS for the parent listed as "Parent A." Use 7B for the parent listed as "Parent B." Be sure to report the totals from all W-2s if either parent has more than one for the year.

Look at Box 12. If any amounts appear in this section with a code D-H, be sure to report that amount as "Payments to tax-deferred retirement plans" in PFS line 8D of the Nontaxable Income Worksheet. If you have multiple W2s, be sure to report the total amount.

You do not have to report any other information from the W2 on the PFS. It is possible that one or more schools you're applying to might ask you to supply other information from the W2. You'll most likely be required to submit or upload a copy of each W2 you receive as part of your financial aid application.

Form 1040

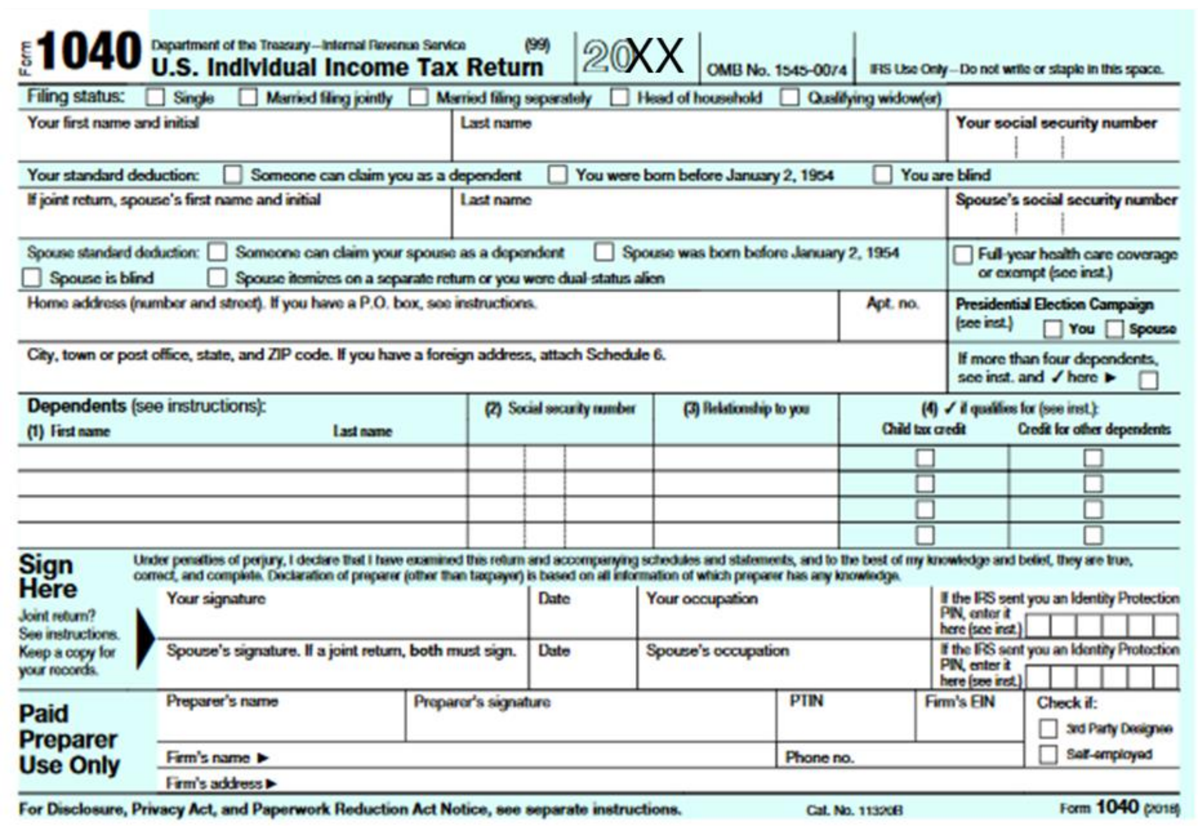
What is Form 1040 for?

The 1040 is used to report your sources of income, as well as any adjustments, deductions, and credits against your income that will determine how much and what types of federal taxes you should have paid for the tax year. If you've paid too much in taxes, it will show how much of a refund from the federal government you are entitled to receive. If you've paid too little in taxes, it will show how much more you need to pay.

What does the Form 1040 look like?

The 1040 is a two-page document and additional schedules depending on income source.

▶ 1040 Page 1


Form 1040 Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return 20XX OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)

Your first name and initial | Last name | Your social security number

Your standard deduction: ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

If joint return, spouse's first name and initial | Last name | Spouse's social security number

Spouse standard deduction: ☐ Someone can claim your spouse as a dependent ☐ Spouse was born before January 2, 1954 ☐ Full-year health care coverage or exempt (see inst.)
☐ Spouse is blind ☐ Spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions. | Apt. no. | Presidential Election Campaign (see inst.) ☐ You ☐ Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. | If more than four dependents, see inst. and ✓ here ▶ ☐

Dependents (see instructions): (1) First name Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see inst.): Child tax credit	Credit for other dependents
			☐	☐
			☐	☐
			☐	☐
			☐	☐

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

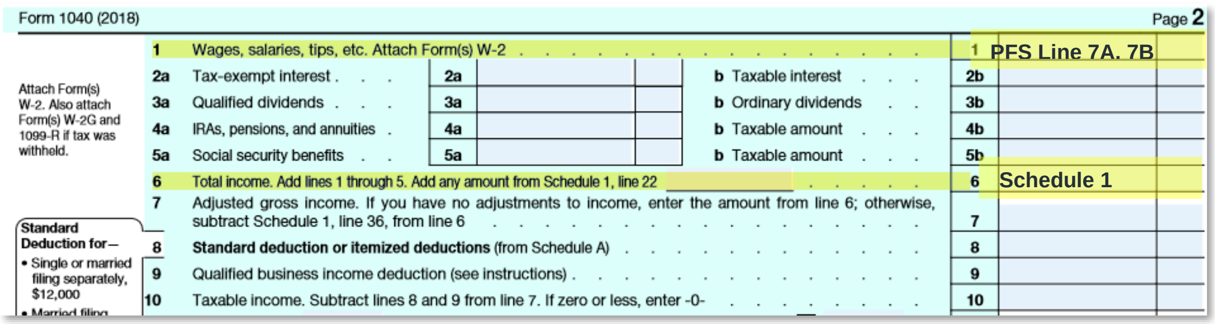
Paid Preparer Use Only Preparer's name | Preparer's signature | PTIN | Firm's EIN | Check if: ☐ 3rd Party Designee ☐ Self-employed

Firm's name ▶ | Phone no.

Firm's address ▶

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2018)

1040 Page 2



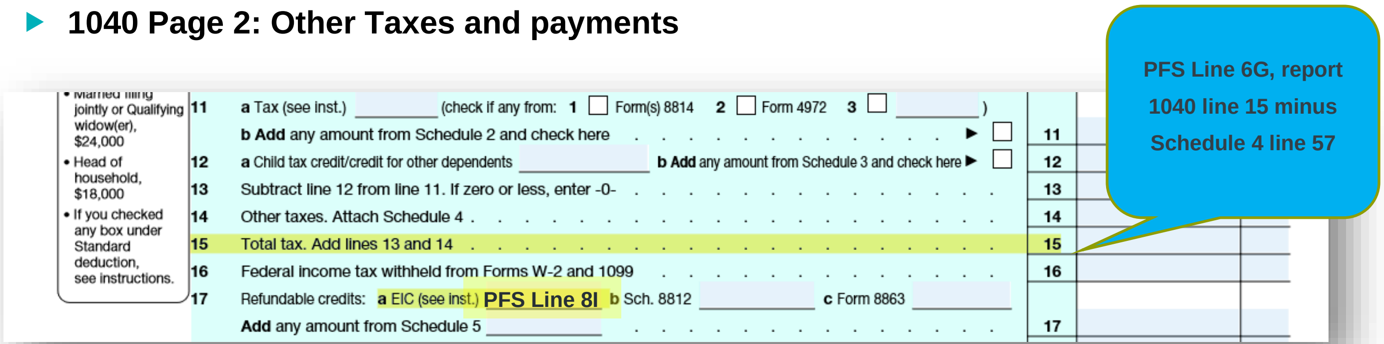
Form 1040 (2018) Page 2

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

1	Wages, salaries, tips, etc. Attach Form(s) W-2			1	PFS Line 7A, 7B
2a	Tax-exempt interest	2a	b Taxable interest	2b	
3a	Qualified dividends	3a	b Ordinary dividends	3b	
4a	IRAs, pensions, and annuities	4a	b Taxable amount	4b	
5a	Social security benefits	5a	b Taxable amount	5b	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22			6	Schedule 1
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6			7	
8	Standard deduction or itemized deductions (from Schedule A)			8	
9	Qualified business income deduction (see instructions)			9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-			10	

Standard Deduction for—
• Single or married filing separately, $12,000
• Married filing

1040 Page 2: Other Taxes and payments



jointly or Qualifying widow(er), $24,000
• Head of household, $18,000
• If you checked any box under Standard deduction, see instructions.

11	a Tax (see inst.) (check if any from: 1 Form(s) 8814 2 Form 4972 3) b Add any amount from Schedule 2 and check here	11
12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here	12
13	Subtract line 12 from line 11. If zero or less, enter -0-	13
14	Other taxes. Attach Schedule 4	14
15	Total tax. Add lines 13 and 14	15
16	Federal income tax withheld from Forms W-2 and 1099	16
17	Refundable credits: a EIC (see inst.) PFS Line 8I b Sch. 8812 c Form 8863 Add any amount from Schedule 5	17

Which lines on Form 1040 matter most for completing the PFS?

Nearly every line of the 1040's Income section has a corresponding line on the PFS where the income information should be reported. Most are straightforward one-to-one matches. However, a few lines are worth pointing out as relevant for business owners:

1040 Page 2 Line 1: Salary/Wages

Salary and wages reported here are a total of salaries earned by the parents in the household. The PFS asks you to report each parent's salary separately, so you won't see a single line item on the PFS for the total salaries. Be sure, though, that the total of the salaries you enter in line 7A and 7B for each parent is the same as the total shown on Line 1 of your 1040 Page 2. Business owners must be careful not to report profit taken from the business as salary or wages. If you own a business and paid yourself or your spouse a salary from the business, and reported it with a W-2, only enter the amount of salary from the W-2 in Lines 7A or 7B.

1040 Page 2 Line 15

This shows what you owe for the different types of federal taxes on your income. PFS Line 6G asks you to report your federal taxes paid. Be sure to report the amount shown on 1040 Line 15. If you also have Self-Employment taxes reported on 1040 Schedule 4 Line 57, do not include those in PFS Line 6G, since you will report those separately for each business. If you paid self-employment taxes, for PFS Line 6G, report the total tax on Line 15 of Page 2 minus any Schedule 4 Line 57 Self-Employment tax.

▶ 1040 Schedule 1: Business Income

SCHEDULE 1 (Form 1040)
Department of the Treasury Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040.
▶ Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
20 XX
Attachment Sequence No. **01**

Name(s) shown on Form 1040 | **Your social security number**

Additional Income	1–9b	Reserved	1–9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	PFS Line 7E
	12	Business income or (loss). Attach Schedule C or C-EZ	12	PFS Line 15-18
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	PFS Line 7M
	14	Other gains or (losses). Attach Form 4797	14	
	15a	Reserved	15b	
	16a	Reserved	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	PFS Line 7Q or 15-18
	18	Farm income or (loss). Attach Schedule F	18	PFS Line 15-18
	19	Unemployment compensation	19	PFS Line 7R
	20a	Reserved	20b	
	21	Other income. List type and amount ▶	21	PFS Line 7T
	22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22	
Adjustments to Income	23	Educator expenses	23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24	
	25	Health savings account deduction. Attach Form 8889	25	
	26	Moving expenses for members of the Armed Forces. Attach Form 3903	26	
	27	Deductible part of self-employment tax. Attach Schedule SE	27	PFS Line 7I
	28	Self-employed SEP, SIMPLE, and qualified plans	28	PFS Line 7H
	29	Self-employed health insurance deduction	29	
	30	Penalty on early withdrawal of savings	30	
	31a	Alimony paid **b** Recipient's SSN ▶	31a	
	32	IRA deduction	32	PFS Line 7G
	33	Student loan interest deduction	33	
	34	Reserved	34	
	35	Reserved	35	
	36	Add lines 23 through 35	36	PFS Line 7F

Make sure to answer "Yes" to PFS line 6h and indicate number of businesses owned on PFS line 6I. This will properly populate Business/Farm section 15-18.

Which Lines Matter for the PFS for Self-Employed Applicants?

- **1040 Schedule 1 Line 12: Business income or (loss)**

  This refers specifically to income or loss you had from a Sole Proprietorship, for which you also completed a Schedule C. On Line 15-18 of the PFS, the total of the net profit or loss from each Schedule C business you own should equal the amount shown on your 1040 Line 12. Be sure to send or upload each Schedule C you file, if you have income or a loss listed on your 1040 Schedule 1 Line 12.

- **1040 Schedule 1 Line 17: Rental real estate, royalties, partnerships, S corporations, trusts, etc.**

  This line can be complicated, depending on what type of income is included here, since many different types of income can be reported on your 1040 Schedule 1 Line 17. If any income reported on Line 17 is from rental property, trusts, or royalties, report it on PFS Line 7Q of PFS (answer “Yes” to Other Taxable Income to open the worksheet).
  If any income reported on Line 17 is from S corporations or Partnerships that you share ownership in, report it on Line 15-18 of your PFS, in the section that asks you to detail the income and expenses of the business. Be sure to send or upload each Schedule E you file, if you have income or loss listed on your 1040 Schedule 1 Line 17.

- **1040 Schedule 1 Line 18: Farm income or (loss)**

  This refers specifically to income or loss you had from a farm, for which you also completed a Schedule F. On Line 15-18 of the PFS, the total of the net profit or loss from each Schedule F farm you own should equal the amount shown on your 1040 Schedule 1 Line 18. Be sure to send or upload each Schedule F you file, if you have income or a loss listed on your 1040 Schedule 1 Line 18.

- **1040 Schedule 1 Adjustments to Income**

  In this section, three items are specific to self-employed applicants: deductible portion of self-employment tax and payments to self-employment retirement and health insurance plans. Be sure to report them on the appropriate lines on the PFS (7H and 7I).Be sure to report the total shown on 1040 Line 36 on PFS line 7F. If you have adjustments in 1040 Lines 27, 28, or 32, report them in the proper lines on the PFS. If you have adjustments other than those three, be sure to leave a note in PFS Item 7J to specify what the adjustments were for (e.g., “alimony paid” or “Educator expenses”).

Other Schedule's for Self-Employed Applicants?

▶ 1040 Schedule 4: Other Taxes

SCHEDULE 4
(Form 1040)
Department of the Treasury
Internal Revenue Service

Other Taxes
▶ Attach to Form 1040.
▶ Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
20 XX
Attachment Sequence No. **04**

Name(s) shown on Form 1040 | **Your social security number**

Other Taxes	57	Self-employment tax. Attach Schedule SE	57	PFS Line 17J
	58	Unreported social security and Medicare tax from: Form **a** ☐ 4137 **b** ☐ 8919	58	
	59	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	59	
	60a	Household employment taxes. Attach Schedule H	60a	
	b	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	60b	
	61	Health care: individual responsibility (see instructions)	61	
	62	Taxes from: **a** ☐ Form 8959 **b** ☐ Form 8960 **c** ☐ Instructions; enter code(s)	62	
	63	Section 965 net tax liability installment from Form 965-A 63		
	64	Add the amounts in the far right column. These are your **total other taxes.** Enter here and on Form 1040, line 14	64	

▶ 1040 Schedule 4 Line 57

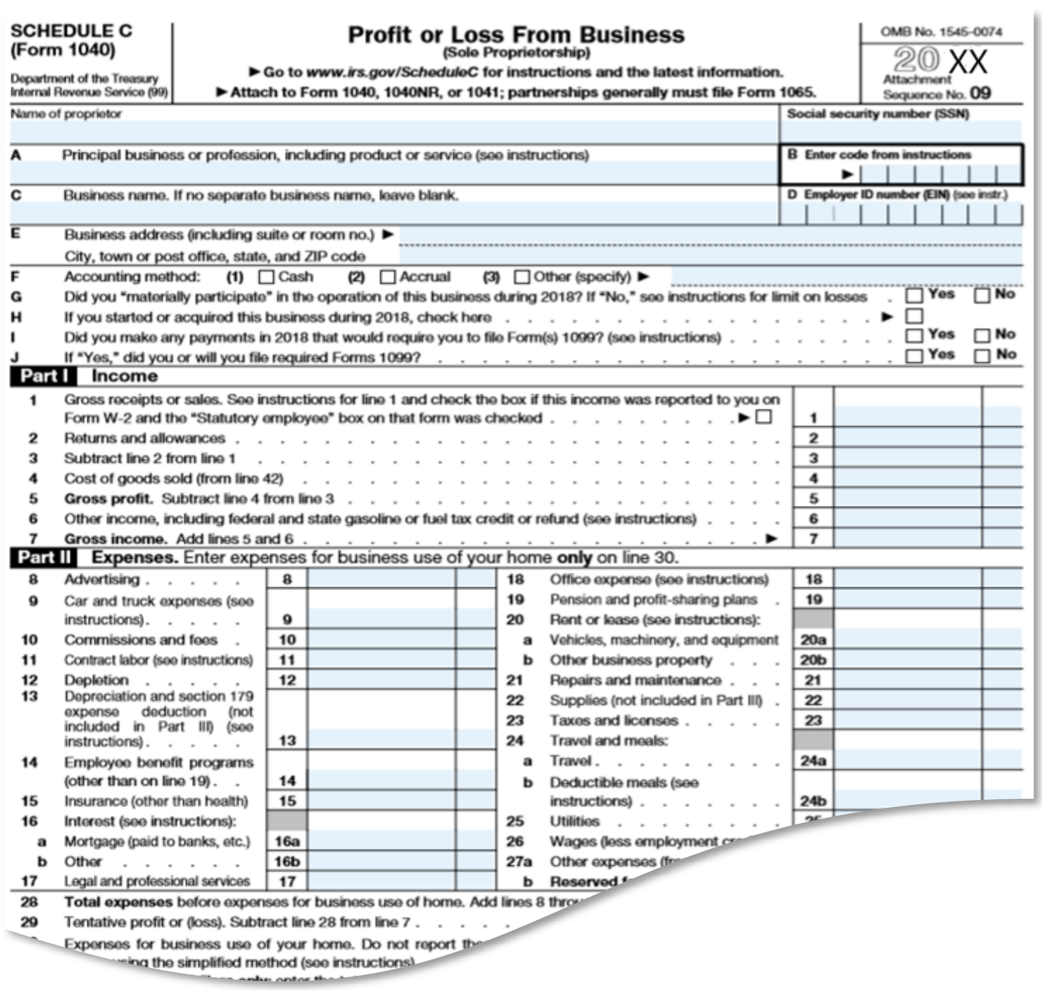
This shows the total amount of self-employment taxes you paid for your business(es). These should also be report on Line 17J on the PFS. Note that the PFS will ask you how much self-employment tax you paid for each business separately. The total of all those self-employment tax amounts should be equal to what's reported here on the 1040 Schedule 4 Line 57.

Schedule C

What is the Schedule C for?

The Schedule C is used for reporting specific details about each business you own for which you are the sole proprietor. It shows the name, location, and type of business. It details the total, gross income you received for the business. It itemizes the allowable expenses of the business that can be written off against the business's income to ultimately show what your net profit or loss was on the business. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 12. When you submit your 1040 to the IRS, you are required to attach/include a Schedule C for each sole proprietorship you own.

What does the Schedule C look like?



SCHEDULE C (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)
► Go to *www.irs.gov/ScheduleC* for instructions and the latest information.
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074
20XX
Attachment Sequence No. 09

Name of proprietor | Social security number (SSN)

A Principal business or profession, including product or service (see instructions) | B Enter code from instructions ►

C Business name. If no separate business name, leave blank. | D Employer ID number (EIN) (see instr.)

E Business address (including suite or room no.) ►
City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you "materially participate" in the operation of this business during 2018? If "No," see instructions for limit on losses ☐ Yes ☐ No

H If you started or acquired this business during 2018, check here ► ☐

I Did you make any payments in 2018 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ► ☐	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	**Gross income.** Add lines 5 and 6 ►	7	

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
				20	Rent or lease (see instructions):		
10	Commissions and fees	10		a	Vehicles, machinery, and equipment	20a	
11	Contract labor (see instructions)	11		b	Other business property	20b	
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		22	Supplies (not included in Part III)	22	
				23	Taxes and licenses	23	
				24	Travel and meals:		
14	Employee benefit programs (other than on line 19)	14		a	Travel	24a	
15	Insurance (other than health)	15		b	Deductible meals (see instructions)	24b	
16	Interest (see instructions):			25	Utilities		
a	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment		
b	Other	16b		27a	Other expenses		
17	Legal and professional services	17		b	Reserved		

28 **Total expenses** before expenses for business use of home. Add lines 8 thro

29 Tentative profit or (loss). Subtract line 28 from line 7

Expenses for business use of your home. Do not report th
using the simplified method (see instructions)

Which lines on the Schedule C matter most for completing the PFS?

If you have a Schedule C, you have a Sole Proprietorship. On PFS Line 6H, answer “Yes.” You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15C, select “Sole Proprietorship” and complete the questions about each business based on the income and expense information provided on the Schedule C. See below for guidance:

▶ Schedule C: Business Information and Income

SCHEDULE C (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

▶ Go to *www.irs.gov/ScheduleC* for instructions and the latest information.

▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

Attachment Sequence No. **09**

Name of proprietor | **Social security number (SSN)**

A Principal business or profession, including product or service (see instructions) — PFS Line 15K | **B Enter code from instructions** ▶

C Business name. If no separate business name, leave blank. — PFS Line 15A | **D Employer ID number (EIN)** (see instr.)

E Business address (including suite or room no.) ▶ — PFS Line 15G thru 15J

City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

G Did you “materially participate” in the operation of this business during 2017? If “No,” see instructions for limit on losses . ☐ Yes ☐ No

H If you started or acquired this business during 2017, check here . . . . . ▶ ☐

I Did you make any payments in 2017 that would require you to file Form(s) 1099? (see instructions) . . . ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? . . . ☐ Yes ☐ No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the “Statutory employee” box on that form was checked . . . ▶ ☐	1	PFS Line 16A
2	Returns and allowances . . .	2	
3	Subtract line 2 from line 1 . . .	3	
4	Cost of goods sold (from line 42) . . .	4	PFS Line 16B
5	**Gross profit.** Subtract line 4 from line 3 . . .	5	PFS Line 16C
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . .	6	PFS Line 16D
7	**Gross income.** Add lines 5 and 6 . . . ▶	7	

Complete a separate PFS section on income for every sole proprietorship you own.

▶ Schedule C: Business Expenses and Net Profit/Loss

Part II **Expenses.** Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
				20	Rent or lease (see instructions):		PFS Line 17D
10	Commissions and fees	10		a	Vehicles, machinery, and equipment	20a	
11	Contract labor (see instructions)	11		b	Other business property	20b	
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	PFS Line 17F	22	Supplies (not included in Part III)	22	
				23	Taxes and licenses	23	
				24	Travel, meals, and entertainment:		
14	Employee benefit programs (other than on line 19)	14	PFS Line 17C	a	Travel	24a	
				b	Deductible meals and entertainment (see instructions)	24b	
15	Insurance (other than health)	15					
16	Interest:			25	Utilities	25	
a	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment credits)	26	PFS Line 17A, B
b	Other	16b		27a	Other expenses (from line 48)	27a	
17	Legal and professional services	17		b	**Reserved for future use**	27b	

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27a ▶	28	PFS Line 17I
29	Tentative profit or (loss). Subtract line 28 from line 7	29	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). **Simplified method filers only:** enter the total square footage of: (a) your home: ______ and (b) the part of your home used for business: ______. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on both **Form 1040, line 12** (or **Form 1040NR, line 13**) and on **Schedule SE, line 2.** (If you checked the box on line 1, see instructions). Estates and trusts, enter on **Form 1041, line 3.** • If a loss, you **must** go to line 32.	31	PFS Line 17L
32	If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both **Form 1040, line 12,** (or **Form 1040NR, line 13**) and on **Schedule SE, line 2.** (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on **Form 1041, line 3.** • If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.	32a ☐ All investment is at risk. 32b ☐ Some investment is not at risk.	

– **Look at Line 13**

If you are writing off any depreciation or "section 179 expense," you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to send or upload that with your tax forms. Doing so allows the school to clarify how much of the amount on Line 13 is actual depreciation and not "section 179 expense." This is to your advantage, typically.

– **Look at Line 26**

If you paid wages to employees for your business (as reported on W2's that you filed for them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others. If Schedule C Line 26 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A. Only report this amount if you provided a W2 as documentation of those earnings. Do NOT report your net profit as your salary.

If Schedule C Line 26 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

By definition, a sole proprietorship doesn't share the profit or loss of the business with any other person or entity. Report the amount on Schedule C Line 31 on PFS Line 17L to reflect your share of the total business profit or loss (in other words, the amount that belongs to you).

Complete a separate PFS section on expenses and net profit for every sole proprietorship you own.

Schedule E

What is the Schedule E for?

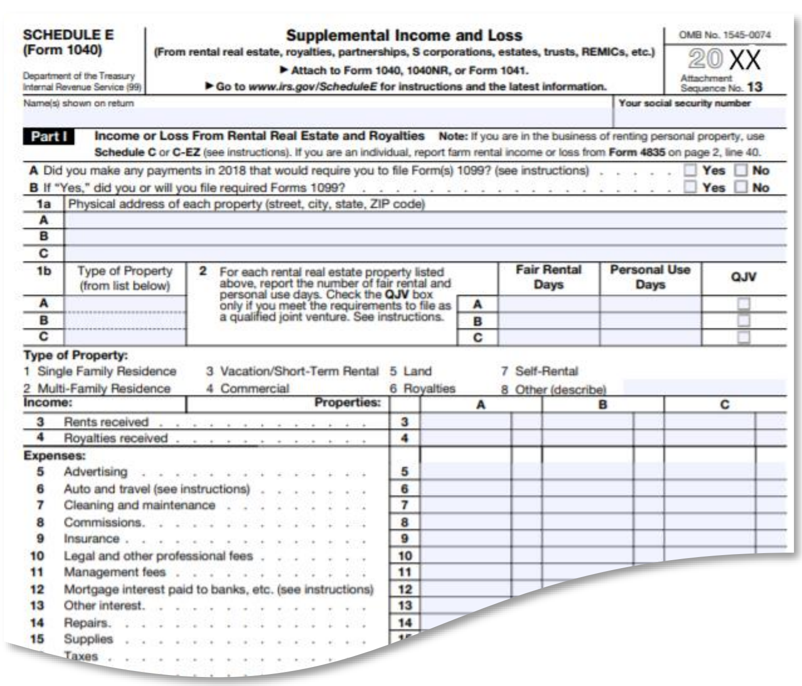
The Schedule E is used for reporting specific details about several types of income sources such as rental real estate income, income from partnerships, S-Corporations, royalties, trusts, estates, and more.

For rental properties, it details the total, gross income you received for up to three real estate properties you rent out to others. It itemizes the allowable expenses of the rental properties that can be written off against the property's income to ultimately show what your net profit or loss was on the property. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 17. If you own more than three rental properties, you must submit multiple Schedule E's. When you submit your 1040 to the IRS, you are required to attach/include a Schedule E for each set of three rental properties you own.

For Partnerships and S-Corporations, it details the names and types of businesses you own or co-own as partnerships or S-Corporations. It itemizes the income or loss for each entity that is passed through to you to claim on your 1040. The income or loss is included in the entry on your Form 1040 Schedule 1 on Line 17.

What does the Schedule E look like?

▶ Schedule E, Page 1 for Rental Income



SCHEDULE E (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
▶ Attach to Form 1040, 1040NR, or Form 1041.
▶ Go to *www.irs.gov/ScheduleE* for instructions and the latest information.

OMB No. 1545-0074
20XX
Attachment Sequence No. **13**

Name(s) shown on return | **Your social security number**

Part I **Income or Loss From Rental Real Estate and Royalties** **Note:** If you are in the business of renting personal property, use **Schedule C** or **C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

A Did you make any payments in 2018 that would require you to file Form(s) 1099? (see instructions) ☐ **Yes** ☐ **No**
B If "Yes," did you or will you file required Forms 1099? ☐ **Yes** ☐ **No**

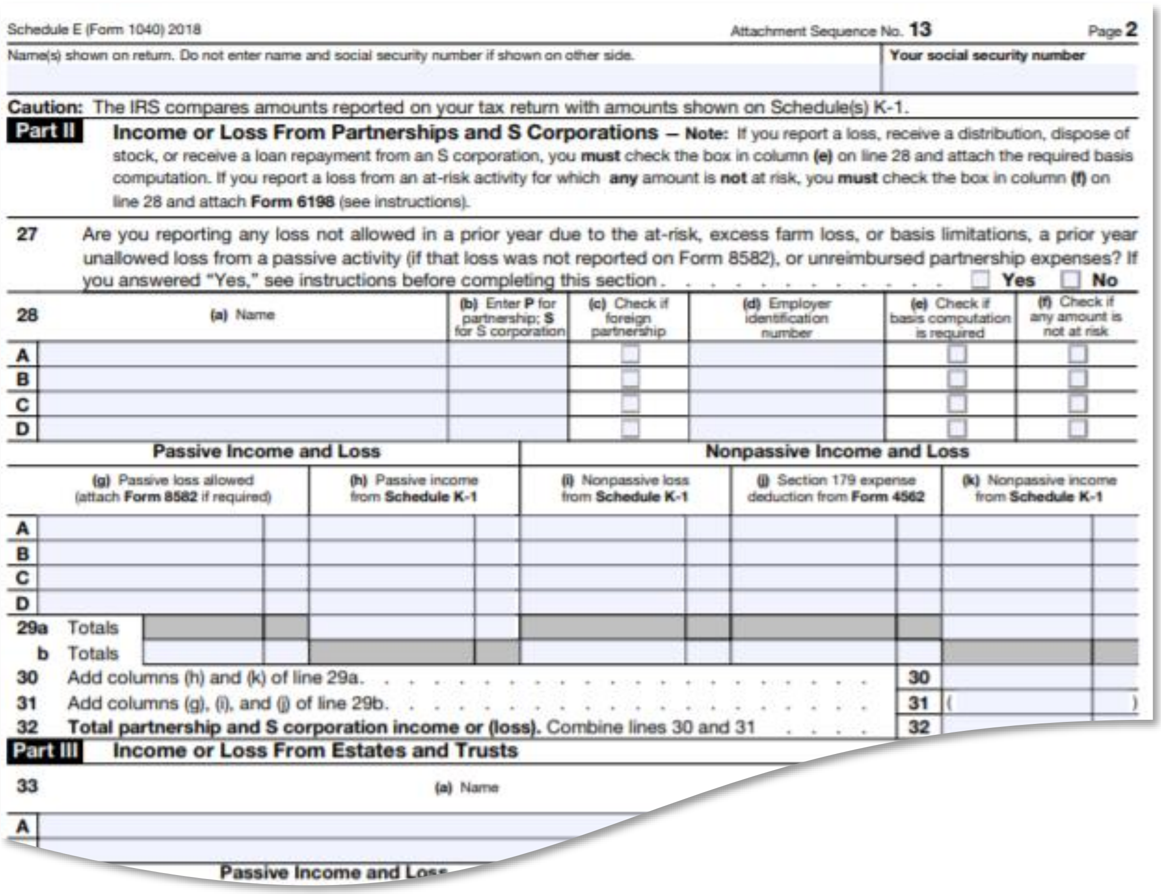
1a	Physical address of each property (street, city, state, ZIP code)
A	
B	
C	

1b	Type of Property (from list below)	**2** For each rental real estate property listed above, report the number of fair rental and personal use days. Check the **QJV** box only if you meet the requirements to file as a qualified joint venture. See instructions.		**Fair Rental Days**	**Personal Use Days**	**QJV**
A			**A**			☐
B			**B**			☐
C			**C**			☐

Type of Property:
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income: **Properties:**		**A**	**B**	**C**
3 Rents received	**3**			
4 Royalties received	**4**			
Expenses:				
5 Advertising	**5**			
6 Auto and travel (see instructions)	**6**			
7 Cleaning and maintenance	**7**			
8 Commissions.	**8**			
9 Insurance	**9**			
10 Legal and other professional fees	**10**			
11 Management fees	**11**			
12 Mortgage interest paid to banks, etc. (see instructions)	**12**			
13 Other interest.	**13**			
14 Repairs.	**14**			
15 Supplies				
Taxes				

▶ Schedule E, Page 2 for Partnership and S-Corporation Income


Schedule E (Form 1040) 2018 Attachment Sequence No. **13** Page **2**

Name(s) shown on return. Do not enter name and social security number if shown on other side. **Your social security number**

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II **Income or Loss From Partnerships and S Corporations – Note:** If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column **(e)** on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column **(f)** on line 28 and attach **Form 6198** (see instructions).

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section . . . . ☐ **Yes** ☐ **No**

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A			☐		☐	☐
B			☐		☐	☐
C			☐		☐	☐
D			☐		☐	☐

	Passive Income and Loss		Nonpassive Income and Loss		
	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss from Schedule K-1	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A					
B					
C					
D					
29a Totals					
b Totals					

30 Add columns (h) and (k) of line 29a. 30

31 Add columns (g), (i), and (j) of line 29b. . . . . 31 ( )

32 **Total partnership and S corporation income or (loss).** Combine lines 30 and 31 32

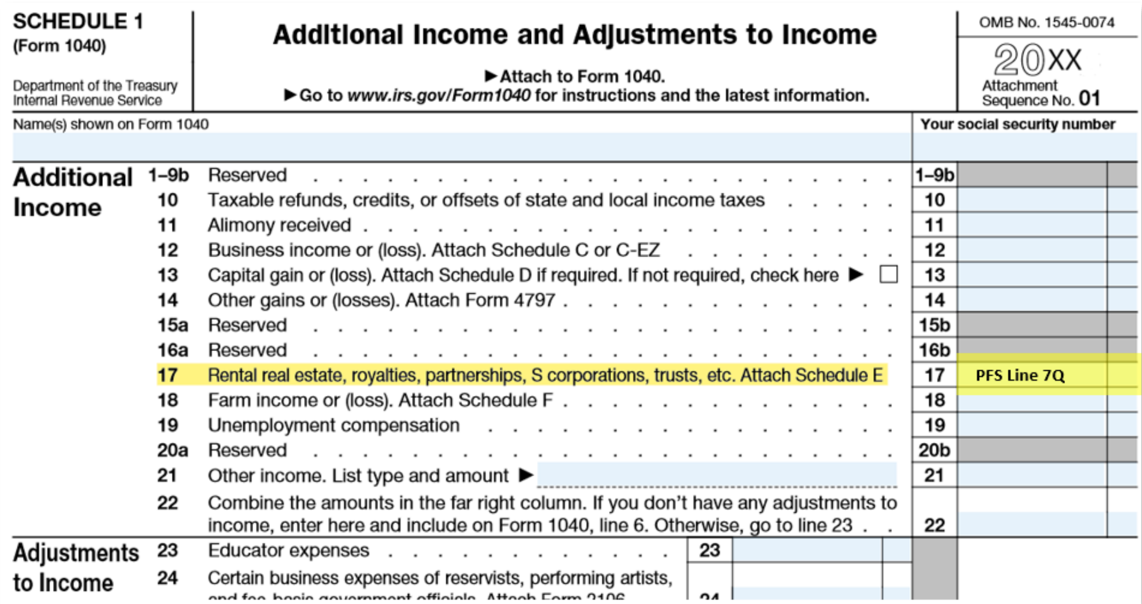
Part III **Income or Loss From Estates and Trusts**

33	(a) Name
A	

Passive Income and Loss

- If you do not own any rental properties, you will not have page 1 of Schedule E.
- If you do not own a share in a Partnership or S Corporation, you will not have page 2 of Schedule E (unless you received reportable income from an estate or trust).

Which lines on the Schedule E matter most for completing the PFS?



SCHEDULE 1 (Form 1040)

Department of the Treasury Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040.

▶ Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074

20XX

Attachment Sequence No. 01

Name(s) shown on Form 1040 | Your social security number

Additional Income	1–9b	Reserved	1–9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	Reserved	15b	
	16a	Reserved	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	PFS Line 7Q
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Reserved	20b	
	21	Other income. List type and amount ▶	21	
	22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22	
Adjustments to Income	23	Educator expenses	23	
	24	Certain business expenses of reservists, performing artists,		

▶ Rental Property

There are no specific questions on the PFS for detailing the income and expense sources for rental properties. When completing the PFS, owners of rental real estate should include the profit or loss of the rental properties in PFS Line 7Q (answer "Yes" to Other Taxable Income to open worksheet). This amount is found on Line 17 of the Form 1040.

Rental property owners must also complete questions 10K–10U on the PFS.

Be sure to submit to the school all Schedule E's that you file with your tax return..

▸ Partnerships and S-Corporations

Schedule E (Form 1040) 2017 — Attachment Sequence No. **13** — Page **2**

Name(s) shown on return. Do not enter name and social security number if shown on other side. | **Your social security number**

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II **Income or Loss From Partnerships and S Corporations** **Note:** If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column **(e)** on line 28 and attach **Form 6198.** See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section . . . . ☐ **Yes** ☐ **No**

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	PFS Line 15A	PFS 15C	☐		☐
B			☐		☐
C			☐		☐
D			☐		☐

	Passive Income and Loss		Nonpassive Income and Loss		
	(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A	PFS Line 17L			PFS Line 17L	
B					
C					
D					
29a Totals					
b Totals					

30	Add columns (g) and (j) of line 29a	30	
31	Add columns (f), (h), and (i) of line 29b	31	( )
32	**Total partnership and S corporation income or (loss).** Combine lines 30 and 31. Enter the result here and include in the total on line 41 below	32	PFS Line 7Q

For each Partnership or S-Corporation you own, the Schedule E will report the pass-through portion of the business's profit or loss that you must claim on your tax return. The PFS will ask you to report the total income and expenses of the Partnership or Corporation to calculate the profit or loss of the entire entity. On PFS Line 17L, you must indicate how much of that profit/loss was passed-through to you. For each business you are a partner or shareholder in, your entry on Line 17L should match the entries on Lines 28A-28D.

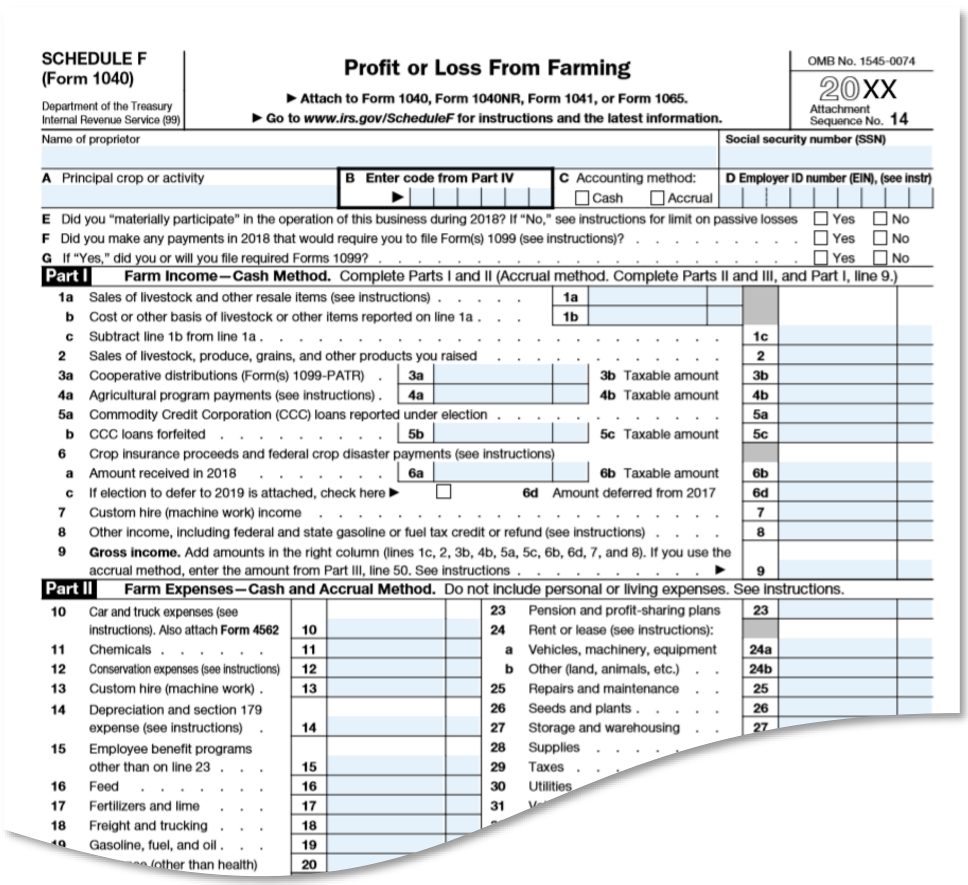
The total pass-through income (or loss) across all entities appears on line 32 of the Schedule E. This is then included in the total income (or loss) reported on the 1040 Schedule 1, Line 17 (along with other income reported on the Schedule E). This amount, in turn, should be reported on Line 7Q of the PFS.

Schedule F

What is the Schedule F for?

The Schedule F is used for reporting specific details about each farm you own for which you are the sole proprietor. It shows the name, location, and type of farm. It details the total, gross income you received for the farm. It itemizes allowable expenses of the farm that can be written off against the farm's income to ultimately show your net profit or loss on the farm. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 18. When you submit your 1040 to the IRS, you are required to attach/include a Schedule F for each farm property you own.

What does the Schedule F look like?



SCHEDULE F (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

► Attach to Form 1040, Form 1040NR, Form 1041, or Form 1065.
► Go to *www.irs.gov/ScheduleF* for instructions and the latest information.

OMB No. 1545-0074
20XX
Attachment Sequence No. 14

Name of proprietor | Social security number (SSN)

A Principal crop or activity | B Enter code from Part IV ► | C Accounting method: ☐ Cash ☐ Accrual | D Employer ID number (EIN), (see instr)

E Did you "materially participate" in the operation of this business during 2018? If "No," see instructions for limit on passive losses ☐ Yes ☐ No
F Did you make any payments in 2018 that would require you to file Form(s) 1099 (see instructions)? ☐ Yes ☐ No
G If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I **Farm Income—Cash Method.** Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions) 1a
b Cost or other basis of livestock or other items reported on line 1a . . . 1b
c Subtract line 1b from line 1a . . . 1c
2 Sales of livestock, produce, grains, and other products you raised . . . 2
3a Cooperative distributions (Form(s) 1099-PATR) . 3a | 3b Taxable amount 3b
4a Agricultural program payments (see instructions) . 4a | 4b Taxable amount 4b
5a Commodity Credit Corporation (CCC) loans reported under election . . . 5a
b CCC loans forfeited . . . 5b | 5c Taxable amount 5c
6 Crop insurance proceeds and federal crop disaster payments (see instructions)
a Amount received in 2018 . . . 6a | 6b Taxable amount 6b
c If election to defer to 2019 is attached, check here ► ☐ | 6d Amount deferred from 2017 6d
7 Custom hire (machine work) income . . . 7
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 8
9 **Gross income.** Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions . . . ► 9

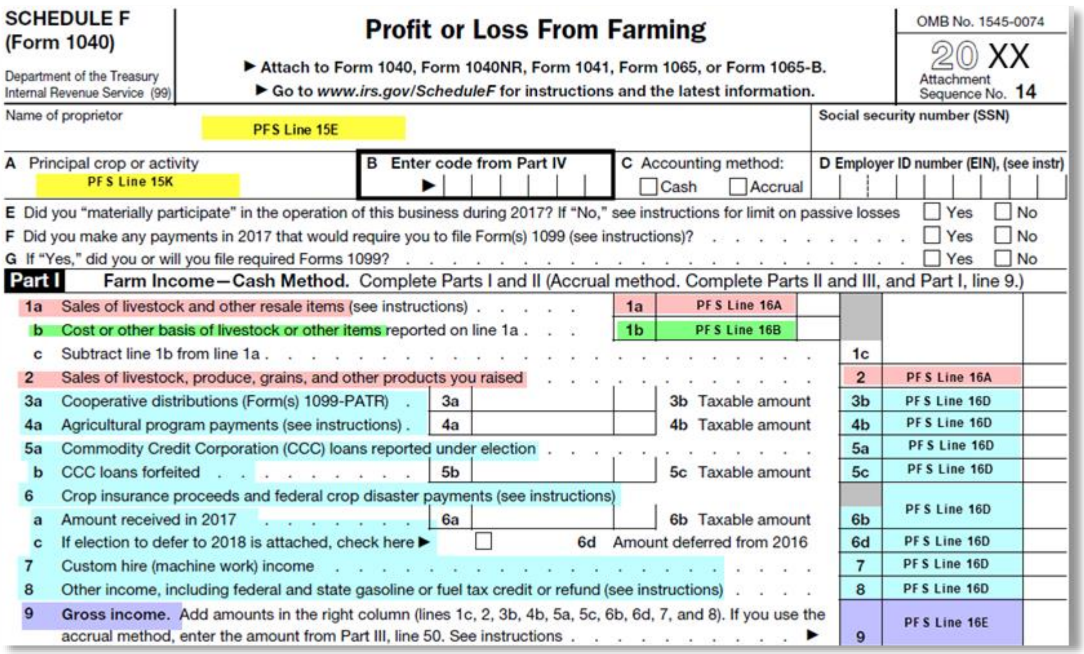
Part II **Farm Expenses—Cash and Accrual Method.** Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach **Form 4562** 10 | 23 Pension and profit-sharing plans 23
11 Chemicals . . . 11 | 24 Rent or lease (see instructions):
12 Conservation expenses (see instructions) 12 | a Vehicles, machinery, equipment 24a
13 Custom hire (machine work) . 13 | b Other (land, animals, etc.) . . 24b
14 Depreciation and section 179 expense (see instructions) . 14 | 25 Repairs and maintenance . . 25
15 Employee benefit programs other than on line 23 . . . 15 | 26 Seeds and plants . . . 26
16 Feed . . . 16 | 27 Storage and warehousing . . 27
17 Fertilizers and lime . . . 17 | 28 Supplies . . .
18 Freight and trucking . . . 18 | 29 Taxes . . .
19 Gasoline, fuel, and oil . . . 19 | 30 Utilities
20 ...(other than health) 20 | 31

If you have a Schedule F, you have a farm. On PFS Line 6H, answer "Yes." You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15B, select “Farm” and complete the questions about each farm based on the income and expense information provided on the Schedule F. On PFS Line 15C, select the farm’s type…are you the sole owner? Is it part of a partnership or a corporation? Let’s look at each section of the Schedule F.

▶ Schedule F: Farm Information and Income



SCHEDULE F (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
▶ Go to *www.irs.gov/ScheduleF* for instructions and the latest information.

OMB No. 1545-0074
20 XX
Attachment Sequence No. 14

Name of proprietor: PFS Line 15E | Social security number (SSN)

A Principal crop or activity: PFS Line 15K | B Enter code from Part IV ▶ | C Accounting method: ☐ Cash ☐ Accrual | D Employer ID number (EIN), (see instr)

E Did you “materially participate” in the operation of this business during 2017? If “No,” see instructions for limit on passive losses ☐ Yes ☐ No
F Did you make any payments in 2017 that would require you to file Form(s) 1099 (see instructions)? ☐ Yes ☐ No
G If “Yes,” did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I **Farm Income—Cash Method.** Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a	Sales of livestock and other resale items (see instructions)	1a	PFS Line 16A
b	Cost or other basis of livestock or other items reported on line 1a	1b	PFS Line 16B
c	Subtract line 1b from line 1a	1c	
2	Sales of livestock, produce, grains, and other products you raised	2	PFS Line 16A
3a	Cooperative distributions (Form(s) 1099-PATR) 3a ___ 3b Taxable amount	3b	PFS Line 16D
4a	Agricultural program payments (see instructions) 4a ___ 4b Taxable amount	4b	PFS Line 16D
5a	Commodity Credit Corporation (CCC) loans reported under election	5a	PFS Line 16D
b	CCC loans forfeited 5b ___ 5c Taxable amount	5c	PFS Line 16D
6	Crop insurance proceeds and federal crop disaster payments (see instructions)		
a	Amount received in 2017 6a ___ 6b Taxable amount	6b	PFS Line 16D
c	If election to defer to 2018 is attached, check here ▶ ☐ 6d Amount deferred from 2016	6d	PFS Line 16D
7	Custom hire (machine work) income	7	PFS Line 16D
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	PFS Line 16D
9	**Gross income.** Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions ▶	9	PFS Line 16E

There are many more lines of detail on the income section of the Schedule F than on the PFS. As such, be careful to total the appropriate lines from the Schedule F and report them in the corresponding “catchall” lines of the PFS.

- Lines 1a and 2 on the Schedule F are reported on Line 16A of the PFS.
- Lines 3 through 8 on the Schedule F are reported on the PFS Line 16D.
- Line 1b on Schedule F is reported on Line 16B of the PFS.
- Line 9 on Schedule F should match the calculation on the PFS Line 16E.

Complete a separate section on income for each farm you own..

▶ Schedule F: Farm Expenses and Net Profit/Loss

Part II **Farm Expenses—Cash and Accrual Method.** Do not include personal or living expenses. See instructions.

10	Car and truck expenses (see			23	Pension and profit-sharing plans	23	
	instructions). Also attach **Form 4562**	10		24	Rent or lease (see instructions):		
11	Chemicals	11		a	Vehicles, machinery, equipment	24a	PFS Line 17D
12	Conservation expenses (see instructions)	12		b	Other (land, animals, etc.) . .	24b	
13	Custom hire (machine work) .	13		25	Repairs and maintenance . .	25	
14	Depreciation and section 179		PFS Line 17F	26	Seeds and plants	26	
	expense (see instructions) .	14		27	Storage and warehousing . .	27	
15	Employee benefit programs		PFS Line 17C	28	Supplies	28	
	other than on line 23 . . .	15		29	Taxes	29	
16	Feed	16		30	Utilities	30	
17	Fertilizers and lime . . .	17		31	Veterinary, breeding, and medicine	31	
18	Freight and trucking . . .	18		32	Other expenses (specify):		
19	Gasoline, fuel, and oil . . .	19		a		32a	
20	Insurance (other than health)	20		b		32b	
21	Interest:			c		32c	
a	Mortgage (paid to banks, etc.)	21a		d		32d	
b	Other	21b		e		32e	
22	Labor hired (less employment credits)	22	PFS Line 17A, 17B	f		32f	

33	**Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions . . . . ▶	33	PFS Line 17i
34	**Net farm profit or (loss).** Subtract line 33 from line 9	34	PFS Line 17L

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Did you receive an applicable subsidy in 2017? See instructions . . . . ☐ Yes ☐ No

36 Check the box that describes your investment in this activity and see instructions for where to report your loss.

a ☐ All investment is at risk. b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11346H **Schedule F (Form 1040) 2017**

– **Look at Line 14**

If you are writing off any depreciation or "section 179 expense," you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to upload it with your tax forms. This allows the school to clarify how much of the amount on Line 13 is actual depreciation and not "section 179 expense." This is to your advantage, typically.

– **Look at Line 22**

If you paid wages to employees for your business (as reported on W-2s or 1099s that you provide them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others.

If Schedule F Line 22 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A.

If Schedule F Line 22 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

The amount on Schedule F Line 34 should match the calculation on PFS Line 17L to reflect your share of the total farm profit or loss (in other words, the amount that belongs to you).

Complete a separate section on expenses and net profit for each farm you own..

Schedule K-1

What is the Schedule K-1 for?

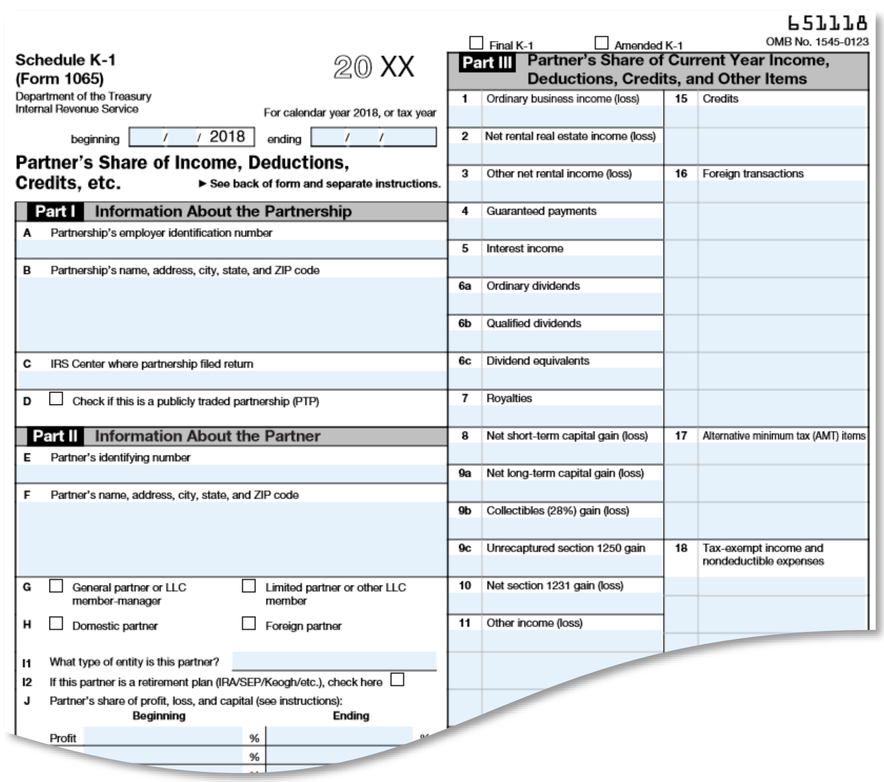
The Schedule K-1 is designed to report a partner's or shareholder's share of the partnership or S Corporation's income, deductions, and credits. It indicates additional information such as the percentage ownership the individual holds and some insight into the individual's share of, and activity with, the entity's liabilities and capital accounts.

Related forms:

- Form 1065 – Partnership tax return
- Form 1120S – S Corporation tax return
- Schedule E

What does the Schedule K-1 look like?

▶ **K-1 for Partnership specify "Form 1065" in the top left corner**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☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

Schedule K-1 (Form 1065) 20XX
Department of the Treasury
Internal Revenue Service
For calendar year 2018, or tax year
beginning / / 2018 ending / /

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
B Partnership's name, address, city, state, and ZIP code
C IRS Center where partnership filed return
D ☐ Check if this is a publicly traded partnership (PTP)

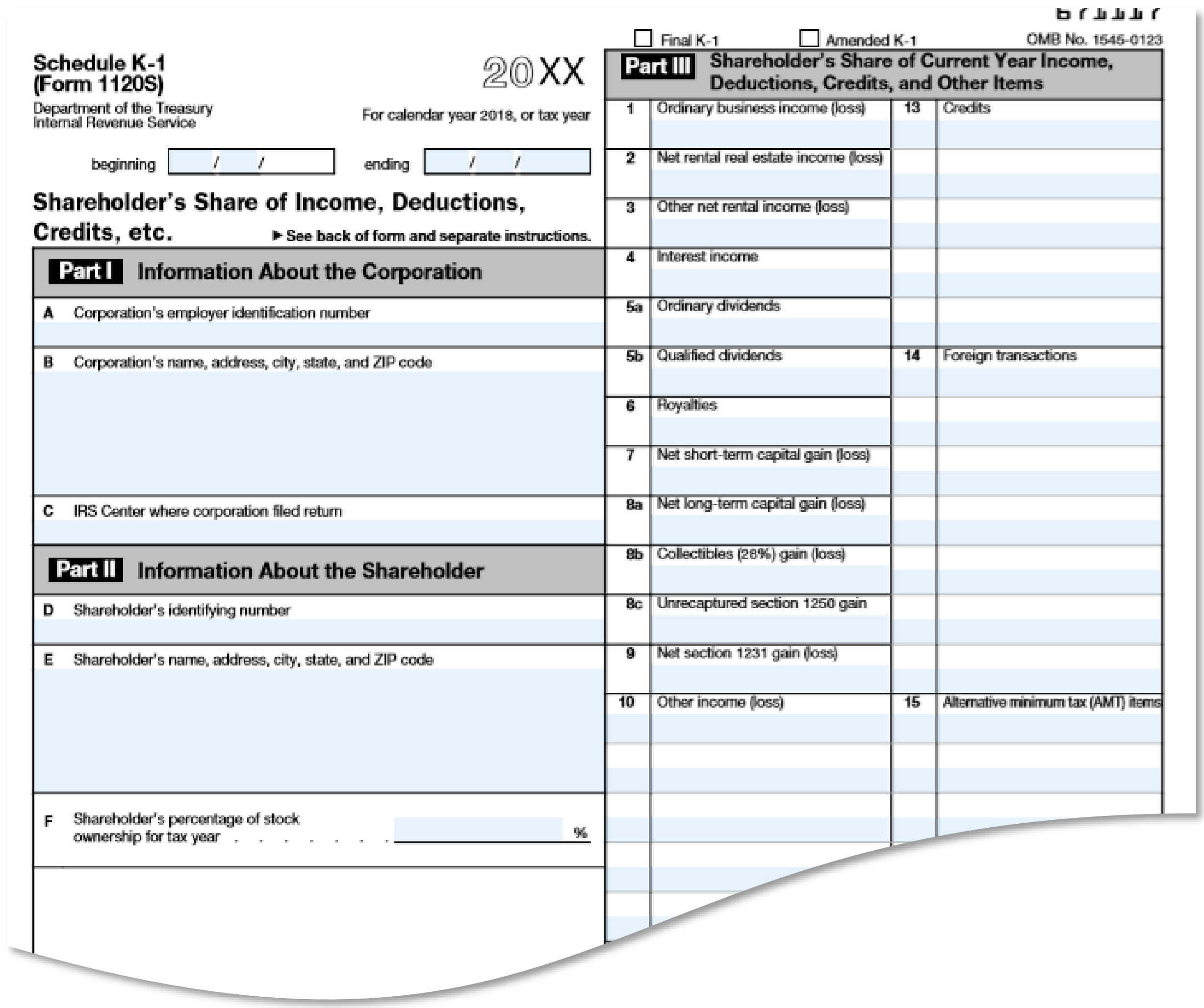
Part II Information About the Partner

E Partner's identifying number
F Partner's name, address, city, state, and ZIP code
G ☐ General partner or LLC member-manager ☐ Limited partner or other LLC member
H ☐ Domestic partner ☐ Foreign partner
I1 What type of entity is this partner?
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit % %
%

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)
2 Net rental real estate income (loss)
3 Other net rental income (loss)
4 Guaranteed payments
5 Interest income
6a Ordinary dividends
6b Qualified dividends
6c Dividend equivalents
7 Royalties
8 Net short-term capital gain (loss)
9a Net long-term capital gain (loss)
9b Collectibles (28%) gain (loss)
9c Unrecaptured section 1250 gain
10 Net section 1231 gain (loss)
11 Other income (loss)
15 Credits
16 Foreign transactions
17 Alternative minimum tax (AMT) items
18 Tax-exempt income and nondeductible expenses

▶ K-1 for S-Corporations specify "Form 1120S" in the top left corner



Schedule K-1 (Form 1120S) 20XX
Department of the Treasury Internal Revenue Service
For calendar year 2018, or tax year
beginning / / ending / /

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

C IRS Center where corporation filed return

Part II Information About the Shareholder

D Shareholder's identifying number

E Shareholder's name, address, city, state, and ZIP code

F Shareholder's percentage of stock ownership for tax year . . . . %

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)
2 Net rental real estate income (loss)
3 Other net rental income (loss)
4 Interest income
5a Ordinary dividends
5b Qualified dividends
6 Royalties
7 Net short-term capital gain (loss)
8a Net long-term capital gain (loss)
8b Collectibles (28%) gain (loss)
8c Unrecaptured section 1250 gain
9 Net section 1231 gain (loss)
10 Other income (loss)
13 Credits
14 Foreign transactions
15 Alternative minimum tax (AMT) items

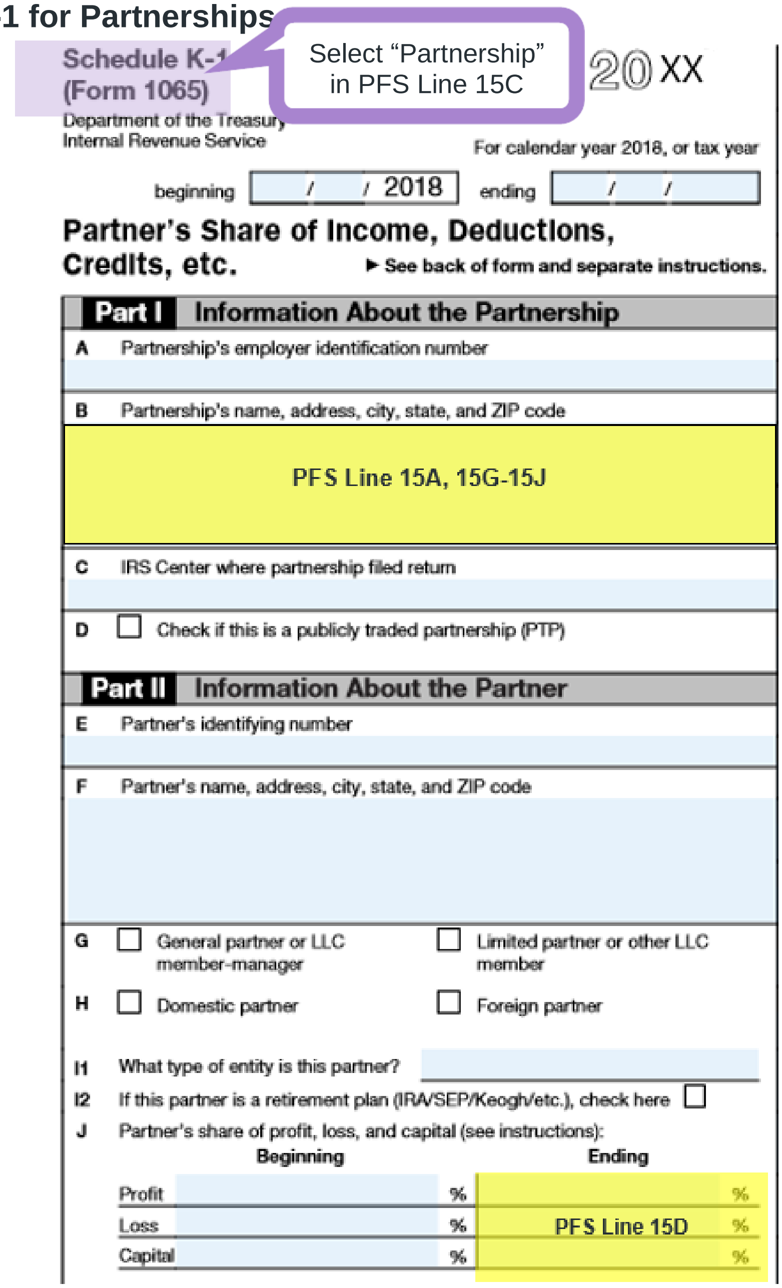
Although they share the same "K-1" name, the K-1's are different enough that it's important not to get them confused with each other.

"Schedule K-1 (Form 1065)" is issued for Partnerships, while "Schedule K-1 (Form 1120S)" is issued for S Corporations. Be sure not to get them mixed up (e.g., claiming you own a Partnership but submitting a K-1 for an 1120S or vice versa). They are *not* interchangeable.

Submit all K-1s you receive for all entities you have an ownership stake in when you submit your tax returns.

Which lines on the Schedule K-1 matter most for completing the PFS?

▶ Schedule K-1 for Partnerships



Select "Partnership" in PFS Line 15C

Schedule K-1 (Form 1065) 20XX

Department of the Treasury
Internal Revenue Service

For calendar year 2018, or tax year

beginning / / 2018 ending / /

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

PFS Line 15A, 15G-15J

C IRS Center where partnership filed return

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code

G ☐ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☐ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner?

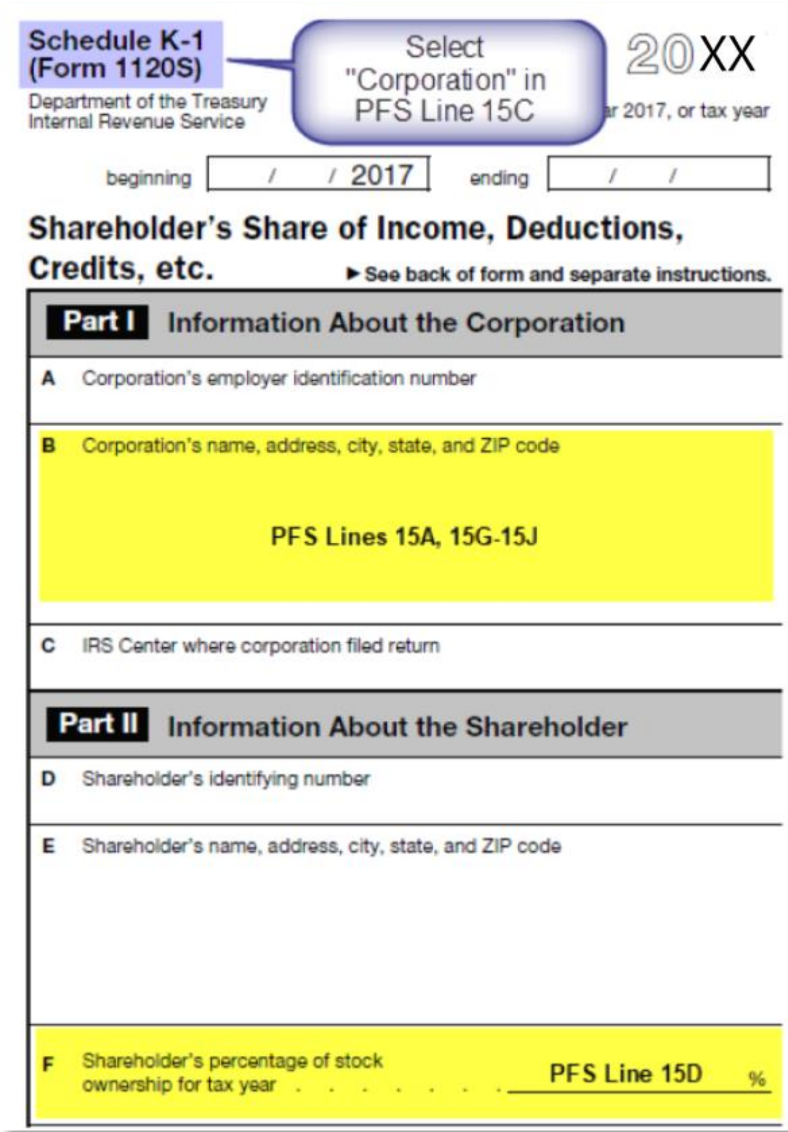
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	PFS Line 15D %
Capital	%	%

No other information found on the K-1, 1065 needs to be reported on the PFS. The relevant information on Part 2 of the K-1, 1065 gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.

▶ Schedule K-1 for S Corporations


Schedule K-1 (Form 1120S)

Department of the Treasury Internal Revenue Service

Select "Corporation" in PFS Line 15C

20XX

r 2017, or tax year

beginning / / 2017 ending / /

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

PFS Lines 15A, 15G-15J

C IRS Center where corporation filed return

Part II Information About the Shareholder

D Shareholder's identifying number

E Shareholder's name, address, city, state, and ZIP code

F Shareholder's percentage of stock ownership for tax year . . . . PFS Line 15D %

No other information found on the K-1, 1120S needs to be reported on the PFS. The relevant information on Part 3 of the K-1, 1120S gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.

Form 1099-MISC

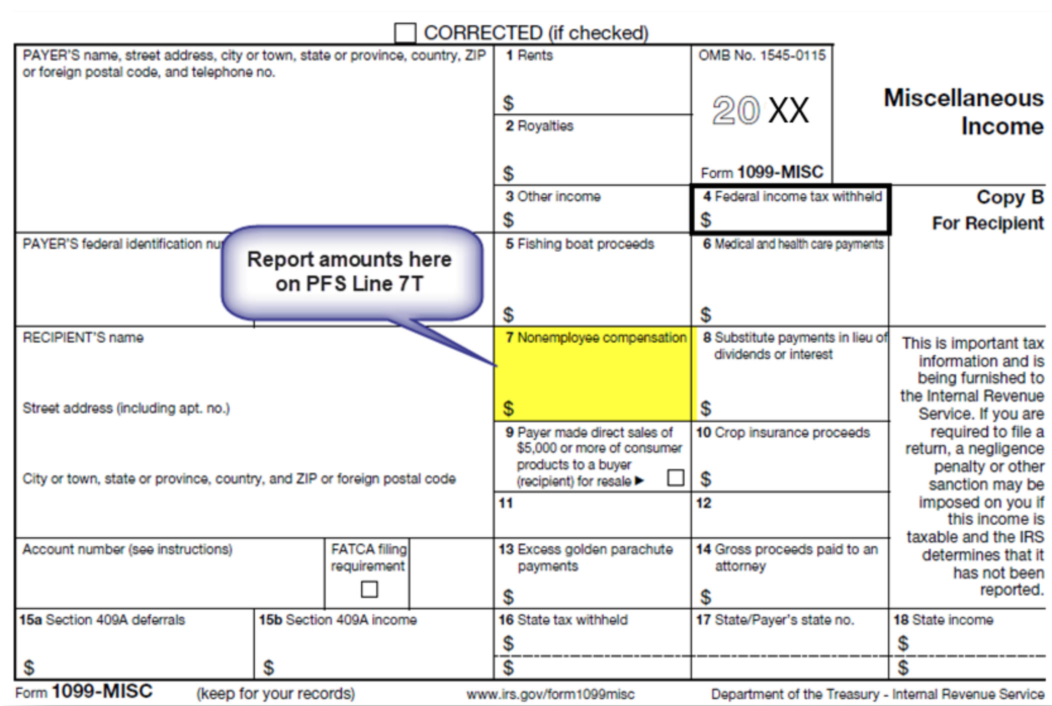
What is Form 1099-MISC for?

The Form 1099-MISC is provided to you by a person or firm for whom you performed work or service by hiring yourself out as a freelancer, contractor, or the like. 1099s can also show other types of income such as royalties, commissions or rents. Basically, it shows income you earned that wasn't provided to you as someone else's employee or from your investments.

Other types of 1099s you might receive:

- 1099-DIV (which reports income from dividends, distributions, and capital gains from investments accounts such as stocks, bonds, and mutual funds)
- 1099-INT (which tracks interest income you earned from investments such as savings accounts).

What does the Form 1099-MISC look like?



CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

1 Rents $

2 Royalties $

OMB No. 1545-0115

20 XX

Form 1099-MISC

Miscellaneous Income

3 Other income $

4 Federal income tax withheld $

Copy B For Recipient

PAYER'S federal identification nu

5 Fishing boat proceeds $

6 Medical and health care payments $

RECIPIENT'S name

7 Nonemployee compensation $

8 Substitute payments in lieu of dividends or interest $

Street address (including apt. no.)

9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ▶

10 Crop insurance proceeds $

City or town, state or province, country, and ZIP or foreign postal code

11

12

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Account number (see instructions)

FATCA filing requirement

13 Excess golden parachute payments $

14 Gross proceeds paid to an attorney $

15a Section 409A deferrals $

15b Section 409A income $

16 State tax withheld $ $

17 State/Payer's state no.

18 State income $ $

Form 1099-MISC (keep for your records) www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

Which lines on Form 1099-MISC matter most for completing the PFS?

Income reported on your 1099s should already be included in certain lines of your 1040. On the PFS, any income reported on a 1099-MISC (other than rents and royalties) should be reported on PFS Line 7T.

If you and/or your spouse received multiple 1099s, be sure to add the amounts and report the total income on PFS line 7T.

Important Notes

- Do not report any amounts reported on a 1099-MISC as salary or wages, even if you earned it by working for someone as a contractor, freelancer, etc. When reporting your salary or wages on the PFS, ONLY include income for which you received a W-2.
- Many schools will require you to submit a W2 as part of your financial aid application. If you didn't receive a W-2 (meaning you didn't earn a salary as someone else's employee), but you did receive a 1099-MISC as a contractor or freelancer, submit your 1099-MISC in place of the W-2 the school requires.

Form 1065

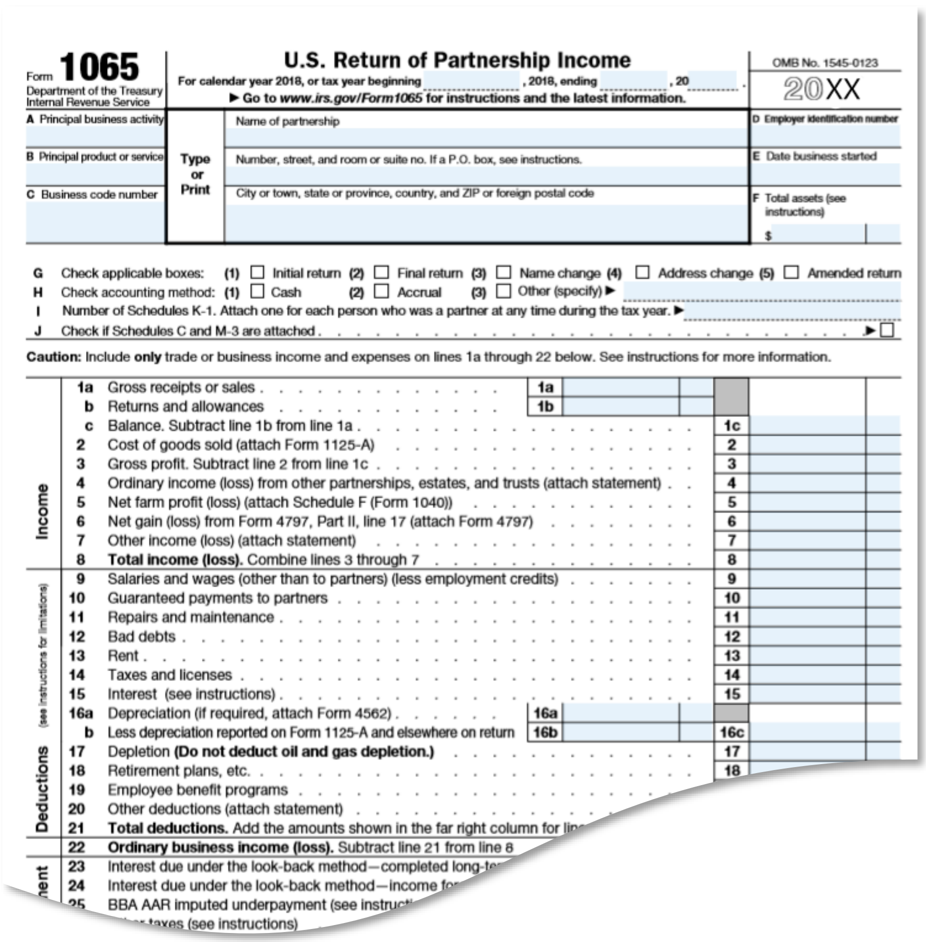
What is Form 1065 for?

Form 1065 is the return filed by entities set up as Partnerships. It details the income, gains, losses, deductions, credits, etc. for the entire operation. Partnerships don't pay taxes on its income but passes any profits or losses to its partners, who in turn include their share of the profits/losses on their individual returns.

Related form:

- Schedule K-1 (Form 1065)

What does the Form 1065 look like?



Form **1065** Department of the Treasury Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2018, or tax year beginning ____, 2018, ending ____, 20 ____.

▶ Go to *www.irs.gov/Form1065* for instructions and the latest information.

OMB No. 1545-0123

20XX

A Principal business activity

B Principal product or service

C Business code number

Type or Print

Name of partnership

Number, street, and room or suite no. If a P.O. box, see instructions.

City or town, state or province, country, and ZIP or foreign postal code

D Employer identification number

E Date business started

F Total assets (see instructions) $

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

H Check accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. ▶

J Check if Schedules C and M-3 are attached . . . ▶ ☐

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See instructions for more information.

Income	1a	Gross receipts or sales	1a		
	b	Returns and allowances	1b		
	c	Balance. Subtract line 1b from line 1a		1c	
	2	Cost of goods sold (attach Form 1125-A)		2	
	3	Gross profit. Subtract line 2 from line 1c		3	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	
	5	Net farm profit (loss) (attach Schedule F (Form 1040))		5	
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	
	7	Other income (loss) (attach statement)		7	
	8	**Total income (loss).** Combine lines 3 through 7		8	
Deductions (see instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)		9	
	10	Guaranteed payments to partners		10	
	11	Repairs and maintenance		11	
	12	Bad debts		12	
	13	Rent		13	
	14	Taxes and licenses		14	
	15	Interest (see instructions)		15	
	16a	Depreciation (if required, attach Form 4562)	16a		
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	16c	
	17	Depletion **(Do not deduct oil and gas depletion.)**		17	
	18	Retirement plans, etc.		18	
	19	Employee benefit programs			
	20	Other deductions (attach statement)			
	21	**Total deductions.** Add the amounts shown in the far right column for lin			
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			
ment	23	Interest due under the look-back method—completed long-te			
	24	Interest due under the look-back method—income fo			
	25	BBA AAR imputed underpayment (see instruct			
		taxes (see instructions)			

Which lines on Form 1065 matter most for completing the PFS?

To complete the business information section of the PFS, Partnership partners must report the appropriate total income and expenses for the entire entity. This detail can be found on page 1 of the Form 1065 as shown below:

No information found on pages 2–4 of the Form 1065 is needed to complete the PFS. However, some information on page 5 can be useful in reporting the Partnership's assets and debts, as referenced below.

Form **1065**
Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income
For calendar year 2017, or tax year beginning ____________, 2017, ending __________, 20 ______.
▶ Go to *www.irs.gov/Form1065* for instructions and the latest information.

OMB No. 1545-0123
20XX

A Principal business activity	Type or Print	Name of partnership PFS Line 15A	D Employer identification number
B Principal product or service PFS Line 15K		Number, street, and room or suite no. If a P.O. box, see the instructions. PFS Line 15G	E Date business started PFS Line 15F
C Business code number		City or town, state or province, country, and ZIP or foreign postal code PFS Line 15H - 15J	F Total assets (see the instructions) $

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
(6) ☐ Technical termination - also check (1) or (2)
H Check accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
J Check if Schedules C and M-3 are attached ☐

Income	1a	Gross receipts or sales	1a PFS Line 16A		
	b	Returns and allowances	1b Do not report on PFS		
	c	Balance. Subtract line 1b from line 1a		1c	
	2	Cost of goods sold (attach Form 1125-A)		2	PFS Line 16B
	3	Gross profit. Subtract line 2 from line 1c		3	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	PFS Line 16D
	5	Net farm profit (loss) (attach Schedule F (Form 1040))		5	PFS Line 16D
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	PFS Line 16D
	7	Other income (loss) (attach statement)		7	PFS Line 16D
	8	**Total income (loss).** Combine lines 3 through 7		8	
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)		9	PFS Line 17A
	10	Guaranteed payments to partners		10	PFS Line 17C
	11	Repairs and maintenance		11	PFS Line 17G
	12	Bad debts		12	PFS Line 17G
	13	Rent		13	PFS Line 17D
	14	Taxes and licenses		14	PFS Line 17G
	15	Interest		15	PFS Line 17G
	16a	Depreciation (if required, attach Form 4562)	16a		PFS Line 17F
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	16c	
	17	Depletion **(Do not deduct oil and gas depletion.)**		17	PFS Line 17G
	18	Retirement plans, etc.		18	PFS Line 17C
	19	Employee benefit programs		19	PFS Line 17C
	20	Other deductions (attach statement)		20	PFS Line 17G
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20		21	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8		22	

Submit a copy of the 1065 for each Partnership in which you are a partner with your tax forms.
Ask the partnership's accountant or tax attorney for a copy of it/them
if not already provided to you.

While the PFS seeks to gather the current value of the business's assets and debts at the time of the application, that information can be difficult to come by. Completing the business assets and debts based on the most recently filed 1065 should be a reasonable approach if more current information is not available for the business.

Schedule L	**Balance Sheets per Books**	Beginning of tax year		End of tax year	
	Assets	(a)	(b)	(c)	(d)
1	Cash				PFS Line 18A
2a	Trade notes and accounts receivable			PFS Line 18E	
b	Less allowance for bad debts			Offsets PFS Line 18A	
3	Inventories				PFS Line 18D
4	U.S. government obligations				PFS Line 18F
5	Tax-exempt securities				PFS Line 18F
6	Other current assets (attach statement)				PFS Line 18F
7a	Loans to partners (or persons related to partners)				PFS Line 18F
b	Mortgage and real estate loans				PFS Line 18F
8	Other investments (attach statement)				PFS Line 18F
9a	Buildings and other depreciable assets				
b	Less accumulated depreciation			PFS Line 18C	PFS Line 18B
10a	Depletable assets			PFS Line 18F	
b	Less accumulated depletion				
11	Land (net of any amortization)				PFS Line 18B
12a	Intangible assets (amortizable only)			PFS Line 18F	
b	Less accumulated amortization				
13	Other assets (attach statement)				PFS Line 18F
14	Total assets				
	Liabilities and Capital				
15	Accounts payable				PFS Line 18J
16	Mortgages, notes, bonds payable in less than 1 year				PFS Line 18H
17	Other current liabilities (attach statement)				PFS Line 18I or 18J
18	All nonrecourse loans				PFS Line 18J
19a	Loans from partners (or persons related to partners)				PFS Line 18J
b	Mortgages, notes, bonds payable in 1 year or more				PFS Line 18H
20	Other liabilities (attach statement)				PFS Line 18J
21	Partners' capital accounts				
22	Total liabilities and capital				

Form 1120S

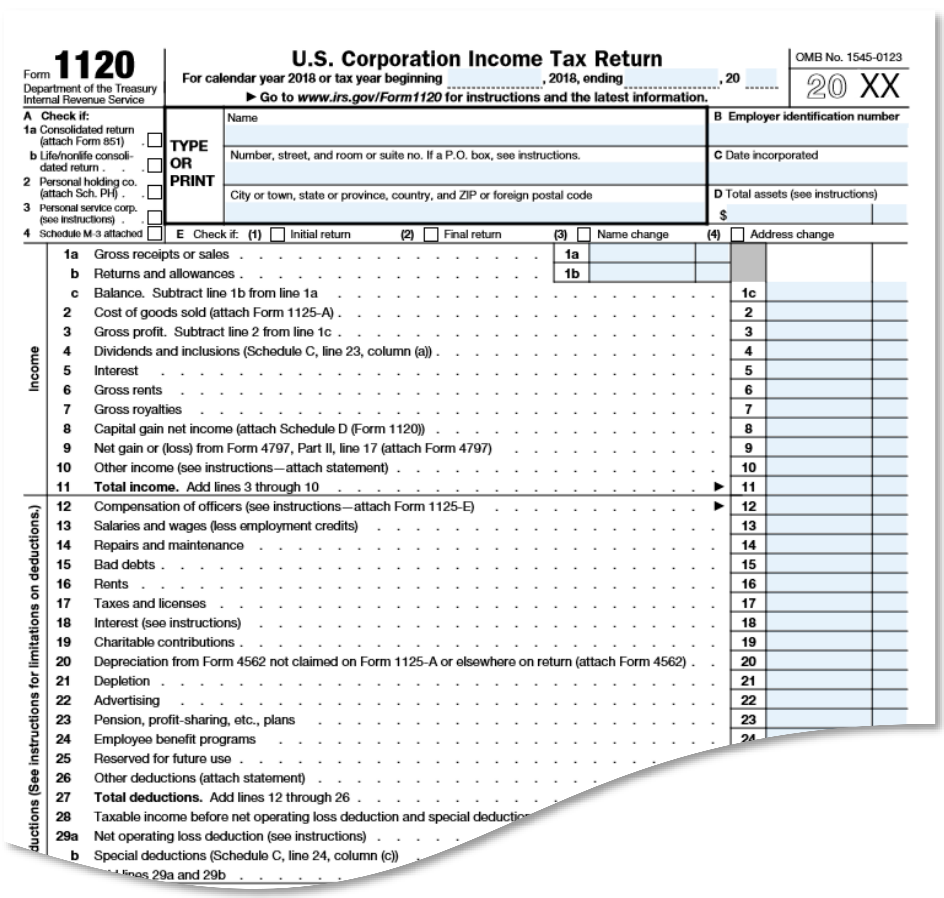
What is Form 1120S for?

Form 1120S is the return filed by entities set up as S Corporations. It details the income, gains, losses, deductions, credits, etc. for the entire operation. S Corporations don't pay taxes on its income but pass any profits or losses to its shareholders, who in turn include their share of the profits/losses on their individual returns.

Related form:

- Schedule K-1 (Form 1120S)

What does the Form 1120S look like?



Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2018 or tax year beginning ...., 2018, ending ...., 20 ......
► Go to *www.irs.gov/Form1120* for instructions and the latest information.

OMB No. 1545-0123
20 XX

A Check if:
1a Consolidated return (attach Form 851) ☐
b Life/nonlife consolidated return ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 attached ☐

TYPE OR PRINT
Name
Number, street, and room or suite no. If a P.O. box, see instructions.
City or town, state or province, country, and ZIP or foreign postal code

B Employer identification number
C Date incorporated
D Total assets (see instructions)
$

E Check if: **(1)** ☐ Initial return **(2)** ☐ Final return **(3)** ☐ Name change **(4)** ☐ Address change

Income

1a	Gross receipts or sales	**1a**	
b	Returns and allowances	**1b**	
c	Balance. Subtract line 1b from line 1a	**1c**	
2	Cost of goods sold (attach Form 1125-A)	**2**	
3	Gross profit. Subtract line 2 from line 1c	**3**	
4	Dividends and inclusions (Schedule C, line 23, column (a))	**4**	
5	Interest	**5**	
6	Gross rents	**6**	
7	Gross royalties	**7**	
8	Capital gain net income (attach Schedule D (Form 1120))	**8**	
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	**9**	
10	Other income (see instructions—attach statement)	**10**	
11	**Total income.** Add lines 3 through 10 ►	**11**	

...ductions (See instructions for limitations on deductions.)

12	Compensation of officers (see instructions—attach Form 1125-E) ►	**12**	
13	Salaries and wages (less employment credits)	**13**	
14	Repairs and maintenance	**14**	
15	Bad debts	**15**	
16	Rents	**16**	
17	Taxes and licenses	**17**	
18	Interest (see instructions)	**18**	
19	Charitable contributions	**19**	
20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	**20**	
21	Depletion	**21**	
22	Advertising	**22**	
23	Pension, profit-sharing, etc., plans	**23**	
24	Employee benefit programs	**24**	
25	Reserved for future use		
26	Other deductions (attach statement)		
27	**Total deductions.** Add lines 12 through 26		
28	Taxable income before net operating loss deduction and special deductio...		
29a	Net operating loss deduction (see instructions)		
b	Special deductions (Schedule C, line 24, column (c))		
	...lines 29a and 29b		

Which lines on Form 1120S matter most for completing the PFS?

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ Go to *www.irs.gov/Form1120S* for instructions and the latest information.

OMB No. 1545-0123

20XX

For calendar year 2017 or tax year beginning , 2017, ending , 20

A S election effective date	TYPE OR PRINT	Name — PFS Line 15A	**D** Employer identification number
B Business activity code number (see instructions)		Number, street, and room or suite no. If a P.O. box, see instructions. — PFS Line 15G	**E** Date incorporated — PFS Line 15F
C Check if Sch. M-3 attached ☐		City or town, state or province, country, and ZIP or foreign postal code — PFS Lines 15H - 15J	**F** Total assets (see instructions) $

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☐ No If "Yes," attach Form 2553 if not already filed

H Check if: **(1)** ☐ Final return **(2)** ☐ Name change **(3)** ☐ Address change **(4)** ☐ Amended return **(5)** ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶

Income	1a	Gross receipts or sales	1a	PFS Line 16A		
	b	Returns and allowances	1b	Do not report on PFS		
	c	Balance. Subtract line 1b from line 1a			1c	
	2	Cost of goods sold (attach Form 1125-A)			2	PFS Line 16B
	3	Gross profit. Subtract line 2 from line 1c			3	
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	PFS Line 16D
	5	Other income (loss) (see instructions—attach statement)			5	PFS Line 16D
	6	**Total income (loss).** Add lines 3 through 5 ▶			6	
Deductions (see instructions for limitations)	7	Compensation of officers (see instructions—attach Form 1125-E)			7	PFS Line 17C
	8	Salaries and wages (less employment credits)			8	PFS Line 17A, 17B
	9	Repairs and maintenance			9	PFS Line 17G
	10	Bad debts			10	PFS Line 17G
	11	Rents			11	PFS Line 17D
	12	Taxes and licenses			12	PFS Line 17G
	13	Interest			13	PFS Line 17G
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	PFS Line 17F
	15	Depletion (**Do not deduct oil and gas depletion.**)			15	PFS Line 17G
	16	Advertising			16	PFS Line 17G
	17	Pension, profit-sharing, etc., plans			17	PFS Line 17C
	18	Employee benefit programs			18	PFS Line 17C
	19	Other deductions (attach statement)			19	PFS Line 17G
	20	**Total deductions.** Add lines 7 through 19 ▶			20	
	21	**Ordinary business income (loss).** Subtract line 20 from line 6			21	

Submit a copy of the 1120S for each S Corporation in which you are a shareholder with your tax form. As the corporation's accountant or tax attorney for a copy if one is not already provided to you.

NOTE: No information found on pages 2, 3, or 5 of the Form 1120S is needed to complete the PFS; however, some information on Form 1120S page 4 can be useful in reporting the Corporation's assets and debts, as referenced below:

Schedule L	**Balance Sheets per Books**	Beginning of tax year		End of tax year	
	Assets	**(a)**	**(b)**	**(c)**	**(d)**
1	Cash				PFS Line 18A
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	( )		( )	PFS Line 18A
3	Inventories				PFS Line 18D
4	U.S. government obligations				PFS Line 18F
5	Tax-exempt securities (see instructions)				PFS Line 18F
6	Other current assets (attach statement)				PFS Line 18A
7	Loans to shareholders				PFS Line 18F
8	Mortgage and real estate loans				PFS Line 18F
9	Other investments (attach statement)				PFS Line 18F
10a	Buildings and other depreciable assets			PFS Line 18B	
b	Less accumulated depreciation	( )		(PFS Line 18C)	
11a	Depletable assets				
b	Less accumulated depletion	( )		( )	PFS Line 18D
12	Land (net of any amortization)				PFS Line 18B
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	( )		( )	PFS Line 18F
14	Other assets (attach statement)				PFS Line 18F
15	Total assets				
	Liabilities and Shareholders' Equity				
16	Accounts payable				PFS Line 18J
17	Mortgages, notes, bonds payable in less than 1 year				PFS Line 18H
18	Other current liabilities (attach statement)				PFS Line 18J
19	Loans from shareholders				PFS Line 18J
20	Mortgages, notes, bonds payable in 1 year or more				PFS Line 18H
21	Other liabilities (attach statement)				PFS Line 18J
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings				
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity				

Form **1120S** (2017)

While the PFS seeks to gather the current value of the business's assets and debts at the time of the application, that information can be difficult to come by. Completing the business assets and debts based on the most recently filed 1120S should be a reasonable approach, if more current information is not available for the business.

For financial aid assessment purposes, items on lines 22–26 above are not considered debts and should not be reported on the PFS.