



# 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?

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## – 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.

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# 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)

**c** Employer's name, address, and ZIP code

**d** Control number

**e** Employee's first name and initial Last name Suff.

**f** Employee's address and ZIP code

**1** Wages, tips, other compensation

**2** Federal income tax withheld

**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

**9**

**10** Dependent care benefits

**11** Nonqualified plans

**12a**

**12b**

**12c**

**12d**

**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 <b>1040</b> Department of the Treasury—Internal Revenue Service (99) <b>20XX</b> U.S. Individual Income Tax Return		OMB No. 1545-0047	IRS Use Only—Do not write or staple in this space.
Filing status: <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input type="checkbox"/> Head of household <input type="checkbox"/> Qualifying widow(er)			
Your first name and initial		Last name	Your social security number
Your standard deduction: <input type="checkbox"/> Someone can claim you as a dependent <input type="checkbox"/> You were born before January 2, 1954 <input type="checkbox"/> You are blind			
If joint return, spouse's first name and initial		Last name	Spouse's social security number
Spouse standard deduction: <input type="checkbox"/> Someone can claim your spouse as a dependent <input type="checkbox"/> Spouse was born before January 2, 1954 <input type="checkbox"/> Full-year health care coverage or exempt (see inst.)			
<input type="checkbox"/> Spouse is blind <input type="checkbox"/> 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.) <input type="checkbox"/> You <input type="checkbox"/> 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 ► <input type="checkbox"/>
<b>Dependents (see instructions):</b>		(2) Social security number	(3) Relationship to you
(1) First name	Last name		
<b>Sign Here</b>		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.	
Your signature		Date	Your occupation
Spouse's signature. If a joint return, both must sign.		Date	Spouse's occupation
Preparer's name		Preparer's signature	PTIN
Firm's name ►		Firm's EIN	
Firm's address ►		Phone no.	
<b>Paid Preparer Use Only</b>		Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed	
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.			
Cat. No. 11320B1		Form <b>1040</b> (2015)	

## ► 1040 Page 2

Form 1040 (2018)				Page <b>2</b>	
Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.	<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2		<b>1</b>	PFS Line 7A, 7B
	<b>2a</b>	Tax-exempt interest	<b>2a</b>	<b>2b</b>	Taxable interest
	<b>3a</b>	Qualified dividends	<b>3a</b>	<b>3b</b>	Ordinary dividends
	<b>4a</b>	IRAs, pensions, and annuities	<b>4a</b>	<b>4b</b>	Taxable amount
	<b>5a</b>	Social security benefits	<b>5a</b>	<b>5b</b>	Taxable amount
<b>Standard Deduction for—</b> • Single or married filing separately, \$12,000 • Married filing jointly or Qualifying widow(er), \$24,000 • Head of household, \$18,000 • If you checked any box under Standard deduction, see instructions.	<b>6</b>	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22		<b>6</b>	Schedule 1
	<b>7</b>	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		<b>7</b>	
	<b>8</b>	Standard deduction or itemized deductions (from Schedule A)		<b>8</b>	
	<b>9</b>	Qualified business income deduction (see instructions)		<b>9</b>	
	<b>10</b>	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-		<b>10</b>	

## ► 1040 Page 2: Other Taxes and payments

• Married filing jointly or Qualifying widow(er), \$24,000 • Head of household, \$18,000 • If you checked any box under Standard deduction, see instructions.	<b>11</b>	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/> )		<b>11</b>	
	<b>12</b>	b Add any amount from Schedule 2 and check here <input type="checkbox"/>		<b>12</b>	
	<b>13</b>	a Child tax credit/credit for other dependents	<b>b</b> Add any amount from Schedule 3 and check here <input type="checkbox"/>	<b>13</b>	
	<b>14</b>	Subtract line 12 from line 11. If zero or less, enter -0-		<b>14</b>	
	<b>15</b>	Other taxes. Attach Schedule 4		<b>15</b>	
	<b>16</b>	Total tax. Add lines 13 and 14		<b>16</b>	
	<b>17</b>	Federal income tax withheld from Forms W-2 and 1099		<b>17</b>	
	<b>17</b>	Refundable credits: a EIC (see inst.) <b>PFS Line 8!</b> b Sch. 8812 c Form 8863			
		Add any amount from Schedule 5			

PFS Line 6G, report  
1040 line 15 minus  
Schedule 4 line 57

## 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

<b>SCHEDULE 1</b> <b>(Form 1040)</b> <small>Department of the Treasury Internal Revenue Service</small>		<b>Additional Income and Adjustments to Income</b> <small>► Attach to Form 1040. ► Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> <b>20 XX</b> <small>Attachment Sequence No. 01</small>	
Name(s) shown on Form 1040				Your social security number	
<b>Additional Income</b>	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 ► <input type="checkbox"/>		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		
<b>Adjustments to Income</b>	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

<b>SCHEDULE 4</b> <b>(Form 1040)</b> <small>Department of the Treasury Internal Revenue Service</small>		<b>Other Taxes</b> <small>► Attach to Form 1040. ► Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> <b>20 XX</b> <small>Attachment Sequence No. <b>04</b></small>
Name(s) shown on Form 1040			Your social security number	
<b>Other Taxes</b>	<b>57</b>	<b>Self-employment tax. Attach Schedule SE</b>	<b>57</b>	<b>PFS Line 17J</b>
	<b>58</b>	Unreported social security and Medicare tax from: Form <b>a</b> <input type="checkbox"/> 4137 <b>b</b> <input type="checkbox"/> 8919	<b>58</b>	
	<b>59</b>	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	<b>59</b>	
	<b>60a</b>	Household employment taxes. Attach Schedule H	<b>60a</b>	
	<b>60b</b>	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	<b>60b</b>	
	<b>61</b>	Health care: individual responsibility (see instructions)	<b>61</b>	
	<b>62</b>	Taxes from: <b>a</b> <input type="checkbox"/> Form 8959 <b>b</b> <input type="checkbox"/> Form 8960 <b>c</b> <input type="checkbox"/> Instructions; enter code(s)	<b>62</b>	
	<b>63</b>	Section 965 net tax liability installment from Form 965-A	<b>63</b>	
<b>64</b>	Add the amounts in the far right column. These are your <b>total other taxes</b> . Enter here and on Form 1040, line 14	<b>64</b>		

### ► 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.



## 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

<b>SCHEDULE C</b> <b>(Form 1040)</b>		<b>Profit or Loss From Business</b> (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		► Go to <a href="http://www.irs.gov/ScheduleC">www.irs.gov/ScheduleC</a> for instructions and the latest information. ► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.		Attachment Sequence No. <b>09</b>	
Name of proprietor				Social security number (SSN)	
<b>A</b> Principal business or profession, including product or service (see instructions)				<b>B</b> Enter code from instructions	
PFS Line 15K					
<b>C</b> Business name. If no separate business name, leave blank.				<b>D</b> Employer ID number (EIN) (see instr.)	
PFS Line 15A					
<b>E</b> Business address (including suite or room no.) ► City, town or post office, state, and ZIP code				PFS Line 15G thru 15J	
<b>F</b> Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►					
<b>G</b> Did you “materially participate” in the operation of this business during 2017? If “No,” see instructions for limit on losses				<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>H</b> If you started or acquired this business during 2017, check here				<input type="checkbox"/>	
<b>I</b> Did you make any payments in 2017 that would require you to file Form(s) 1099? (see instructions)				<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>J</b> If “Yes,” did you or will you file required Forms 1099?				<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Part I Income</b>					
<b>1</b> 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				<b>1</b> PFS Line 16A	
<b>2</b> Returns and allowances				<b>2</b>	
<b>3</b> Subtract line 2 from line 1				<b>3</b>	
<b>4</b> Cost of goods sold (from line 42)				<b>4</b> PFS Line 16B	
<b>5</b> Gross profit. Subtract line 4 from line 3				<b>5</b> PFS Line 16C	
<b>6</b> Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)				<b>6</b> PFS Line 16D	
<b>7</b> Gross income. Add lines 5 and 6				<b>7</b>	

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

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## ► Schedule C: Business Expenses and Net Profit/Loss

<b>Part II Expenses.</b> Enter expenses for business use of your home <b>only</b> on line 30.			
8	Advertising . . . . .	8	
9	Car and truck expenses (see instructions). . . . .	9	
10	Commissions and fees . . . . .	10	
11	Contract labor (see instructions) . . . . .	11	
12	Depletion . . . . .	12	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions). . . . .	13	PFS Line 17F
14	Employee benefit programs (other than on line 19) . . . . .	14	PFS Line 17C
15	Insurance (other than health) . . . . .	15	
16	Interest:		
a	Mortgage (paid to banks, etc.) . . . . .	16a	
b	Other . . . . .	16b	
17	Legal and professional services . . . . .	17	
18	Office expense (see instructions) . . . . .	18	
19	Pension and profit-sharing plans . . . . .	19	
20	Rent or lease (see instructions):		PFS Line 17D
a	Vehicles, machinery, and equipment . . . . .	20a	
b	Other business property . . . . .	20b	
21	Repairs and maintenance . . . . .	21	
22	Supplies (not included in Part III) . . . . .	22	
23	Taxes and licenses . . . . .	23	
24	Travel, meals, and entertainment:		
a	Travel . . . . .	24a	
b	Deductible meals and entertainment (see instructions) . . . . .	24b	
25	Utilities . . . . .	25	
26	Wages (less employment credits) . . . . .	26	PFS Line 17A, B
27a	Other expenses (from line 48) . . . . .	27a	
b	Reserved for future use . . . . .	27b	
28	<b>Total expenses</b> 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	<b>Net profit or (loss).</b> Subtract line 30 from line 29. • If a profit, enter on both <b>Form 1040, line 12</b> (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> . (If you checked the box on line 1, see instructions). Estates and trusts, enter on <b>Form 1041, line 3</b> . • If a loss, you <b>must</b> 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 <b>Form 1040, line 12</b> , (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> . (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on <b>Form 1041, line 3</b> . • If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.		32a <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> 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).

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

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# 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

The image shows the top portion of the Schedule E (Form 1040) Supplemental Income and Loss form. The header includes the title 'SCHEDULE E (Form 1040)', the subtitle 'Supplemental Income and Loss', and the OMB No. 1545-0074. It also features a large '20XX' placeholder for the year. The form is divided into sections: 'Part I Income or Loss From Rental Real Estate and Royalties'. Section 1a asks for the physical address of each property. Section 1b is a table for reporting rental properties, with columns for 'Type of Property', 'Fair Rental Days', 'Personal Use Days', and 'QJV'. Below this, there are sections for 'Type of Property' (1-8) and 'Income' (3-4) and 'Expenses' (5-15). The form is designed to be filled out for each rental property owned by the taxpayer.



► 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

	(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
<b>A</b>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>B</b>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>C</b>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>D</b>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

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
<b>A</b>				
<b>B</b>				
<b>C</b>				
<b>D</b>				
<b>29a Totals</b>				
<b>b Totals</b>				
<b>30</b> Add columns (h) and (k) of line 29a.				<b>30</b>
<b>31</b> Add columns (g), (i), and (j) of line 29b.				<b>31</b> ( )
<b>32</b> Total partnership and S corporation income or (loss). Combine lines 30 and 31				<b>32</b>

**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?

<b>SCHEDULE 1</b> <b>(Form 1040)</b> <small>Department of the Treasury Internal Revenue Service</small>		<b>Additional Income and Adjustments to Income</b> <small>► Attach to Form 1040. ► Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> <b>20XX</b> <small>Attachment Sequence No. 01</small>	
Name(s) shown on Form 1040				Your social security number	
<b>Additional Income</b>	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 ► <input type="checkbox"/>		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	
<b>Adjustments to Income</b>	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	
	23	Educator expenses	23		
	24	Certain business expenses of reservists, performing artists, and fee basis government officials. Attach Form 2406	24		

### ► 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.

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

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## ► 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		
<b>Caution:</b> The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.						
<b>Part II</b> <b>Income or Loss From Partnerships and S Corporations</b> <b>Note:</b> If you report a loss from an at-risk activity for which any amount is <b>not</b> at risk, you <b>must</b> check the box in column (e) on line 28 and attach <b>Form 6198</b> . 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. <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>						
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	<input type="checkbox"/>		<input type="checkbox"/>	
B			<input type="checkbox"/>		<input type="checkbox"/>	
C			<input type="checkbox"/>		<input type="checkbox"/>	
D			<input type="checkbox"/>		<input type="checkbox"/>	
<b>Passive Income and Loss</b>			<b>Nonpassive Income and Loss</b>			
(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	<b>Total partnership and S corporation income or (loss).</b> 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?

The image shows the front page of the Schedule F (Form 1040) titled "Profit or Loss From Farming". The form is from the Department of the Treasury, Internal Revenue Service (99). It includes the OMB No. 1545-0074 and the 20XX attachment sequence number 14. The form is divided into several sections: A Principal crop or activity, B Enter code from Part IV, C Accounting method (Cash or Accrual), and D Employer ID number (EIN). Below these are questions E through G regarding material participation, payments in 2018, and required Forms 1099. The form is then divided into Part I: Farm Income—Cash Method and Part II: Farm Expenses—Cash and Accrual Method. Part I includes lines 1a through 9, and Part II includes lines 10 through 31. The form is designed to be completed by a sole proprietor of a farm.

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

<b>SCHEDULE F</b> <b>(Form 1040)</b> <small>Department of the Treasury Internal Revenue Service (99)</small>		<b>Profit or Loss From Farming</b> <small>► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. ► Go to <a href="http://www.irs.gov/ScheduleF">www.irs.gov/ScheduleF</a> for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> <b>20 XX</b> <small>Attachment Sequence No. <b>14</b></small>
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: <input type="checkbox"/> Cash <input type="checkbox"/> 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 <input type="checkbox"/> Yes <input type="checkbox"/> No				
F Did you make any payments in 2017 that would require you to file Form(s) 1099 (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No				
G If "Yes," did you or will you file required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No				
<b>Part I Farm Income—Cash Method.</b> 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	5c Taxable amount	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)	6a	6b Taxable amount	6b	PFS Line 16D
a Amount received in 2017	6a	6d Amount deferred from 2016	6d	PFS Line 16D
c If election to defer to 2018 is attached, check here <input type="checkbox"/>				
7 Custom hire (machine work) income	7		7	PFS Line 16D
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8		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		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.

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

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## ► Schedule F: Farm Expenses and Net Profit/Loss

<b>Part II Farm Expenses—Cash and Accrual Method.</b> Do not include personal or living expenses. See instructions.			
10	Car and truck expenses (see instructions). Also attach Form 4562	10	
11	Chemicals	11	
12	Conservation expenses (see instructions)	12	
13	Custom hire (machine work)	13	
14	Depreciation and section 179 expense (see instructions)	14	PFS Line 17F
15	Employee benefit programs other than on line 23	15	PFS Line 17C
16	Feed	16	
17	Fertilizers and lime	17	
18	Freight and trucking	18	
19	Gasoline, fuel, and oil	19	
20	Insurance (other than health)	20	
21	Interest:		
a	Mortgage (paid to banks, etc.)	21a	
b	Other	21b	
22	Labor hired (less employment credits)	22	PFS Line 17A, 17B
23	Pension and profit-sharing plans	23	
24	Rent or lease (see instructions):		
a	Vehicles, machinery, equipment	24a	PFS Line 17D
b	Other (land, animals, etc.)	24b	
25	Repairs and maintenance	25	
26	Seeds and plants	26	
27	Storage and warehousing	27	
28	Supplies	28	
29	Taxes	29	
30	Utilities	30	
31	Veterinary, breeding, and medicine	31	
32	Other expenses (specify):		
a		32a	
b		32b	
c		32c	
d		32d	
e		32e	
f		32f	
33	<b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions	33	PFS Line 17i
34	<b>Net farm profit or (loss).</b> 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		<input type="checkbox"/> Yes <input type="checkbox"/> No
36	Check the box that describes your investment in this activity and see instructions for where to report your loss.		
a	<input type="checkbox"/> All investment is at risk.	b	<input type="checkbox"/> 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

**Schedule K-1 (Form 1065)**  
Department of the Treasury  
Internal Revenue Service

For calendar year 2018, or tax year beginning / / 2018 ending / /

**20 XX**

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

**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**

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

- K-1 for S-Corporations specify “Form 1120S” in the top left corner

**Schedule K-1 (Form 1120S)**  
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.

**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)	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
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)	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

**Schedule K-1**  
(Form 1065)

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	<input type="text"/>	%	<input type="text"/>
Loss	<input type="text"/>	%	PFS Line 15D <input type="text"/>
Capital	<input type="text"/>	%	<input type="text"/>

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

<b>Schedule K-1</b> <b>(Form 1120S)</b> Department of the Treasury Internal Revenue Service		Select "Corporation" in PFS Line 15C	<b>20XX</b> for 2017, or tax year
beginning	/ / 2017	ending	/ /
<b>Shareholder's Share of Income, Deductions,          Credits, etc.</b>			
► See back of form and separate instructions.			
<b>Part I Information About the Corporation</b>			
<b>A</b> Corporation's employer identification number			
<b>B</b> Corporation's name, address, city, state, and ZIP code  <div style="text-align: center;">PFS Lines 15A, 15G-15J</div>			
<b>C</b> IRS Center where corporation filed return			
<b>Part II Information About the Shareholder</b>			
<b>D</b> Shareholder's identifying number			
<b>E</b> Shareholder's name, address, city, state, and ZIP code			
<b>F</b> Shareholder's percentage of stock ownership for tax year . . . . . <b>PFS Line 15D</b> %			

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?

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		OMB No. 1545-0115		Miscellaneous Income
		\$		20 XX		
		2 Royalties		Form 1099-MISC		
PAYER'S federal identification number		3 Other income		4 Federal income tax withheld		Copy B For Recipient
		\$		\$		
RECIPIENT'S name		5 Fishing boat proceeds		6 Medical and health care payments		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.
		\$		\$		
Street address (including apt. no.)		7 Nonemployee compensation		8 Substitute payments in lieu of dividends or interest		
		\$		\$		
City or town, state or province, country, and ZIP or foreign postal code		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>		10 Crop insurance proceeds		
		\$		\$		
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>		11		
13 Excess golden parachute payments		14 Gross proceeds paid to an attorney		12		
\$		\$		\$		
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

**Report amounts here on PFS Line 7T**

### 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?

**1065** U.S. Return of Partnership Income

Form Department of the Treasury Internal Revenue Service

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

OMB No. 1545-0123

20XX

Go to [www.irs.gov/Form1065](http://www.irs.gov/Form1065) for instructions and the latest information.

**A** Principal business activity

**B** Principal product or service

**C** Business code number

**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

**1b** Returns and allowances

**1c** Balance. Subtract line 1b from line 1a

**2** Cost of goods sold (attach Form 1125-A)

**3** Gross profit. Subtract line 2 from line 1c

**4** Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)

**5** Net farm profit (loss) (attach Schedule F (Form 1040))

**6** Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)

**7** Other income (loss) (attach statement)

**8** **Total income (loss).** Combine lines 3 through 7

**Deductions**

**9** Salaries and wages (other than to partners) (less employment credits)

**10** Guaranteed payments to partners

**11** Repairs and maintenance

**12** Bad debts

**13** Rent

**14** Taxes and licenses

**15** Interest (see instructions)

**16a** Depreciation (if required, attach Form 4562)

**16b** Less depreciation reported on Form 1125-A and elsewhere on return

**16c** Depreciation (Do not deduct oil and gas depletion.)

**17** Depletion (Do not deduct oil and gas depletion.)

**18** Retirement plans, etc.

**19** Employee benefit programs

**20** Other deductions (attach statement)

**21** **Total deductions.** Add the amounts shown in the far right column for lines 9 through 20

**22** **Ordinary business income (loss).** Subtract line 21 from line 8

**23** Interest due under the look-back method—completed long-term contracts

**24** Interest due under the look-back method—income for completed long-term contracts

**25** BBA AAR imputed underpayment (see instructions)

**26** 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 <b>1065</b> Department of the Treasury Internal Revenue Service		<b>U.S. Return of Partnership Income</b> For calendar year 2017, or tax year beginning _____, 2017, ending _____, 20____ ▶ Go to <a href="http://www.irs.gov/Form1065">www.irs.gov/Form1065</a> for instructions and the latest information.		OMB No. 1545-0123 <b>20XX</b>
<b>A</b> Principal business activity	Name of partnership <b>PFS Line 15A</b>	<b>D</b> Employer identification number		
<b>B</b> Principal product or service <b>PFS Line 15K</b>	Type or Print Number, street, and room or suite no. If a P.O. box, see the instructions. <b>PFS Line 15G</b>	<b>E</b> Date business started <b>PFS Line 15F</b>		
<b>C</b> Business code number	City or town, state or province, country, and ZIP or foreign postal code <b>PFS Line 15H - 15J</b>	<b>F</b> Total assets (see the instructions) \$ _____		
<b>G</b> Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return (6) <input type="checkbox"/> Technical termination - also check (1) or (2)				
<b>H</b> Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ _____				
<b>I</b> Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ _____				
<b>J</b> Check if Schedules C and M-3 are attached <input type="checkbox"/>				

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

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.

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

**1120S**  
Form  
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/Form1120S](http://www.irs.gov/Form1120S) for instructions and the latest information.

OMB No. 1545-0123  
20 XX

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

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

**Deductions (See instructions for limitations on deductions.)**

12 Compensation of officers (see instructions—attach Form 1125-E)  
13 Salaries and wages (less employment credits)  
14 Repairs and maintenance  
15 Bad debts  
16 Rents  
17 Taxes and licenses  
18 Interest (see instructions)  
19 Charitable contributions  
20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)  
21 Depletion  
22 Advertising  
23 Pension, profit-sharing, etc., plans  
24 Employee benefit programs  
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 deduction  
29a Net operating loss deduction (see instructions)  
29b Special deductions (Schedule C, line 24, column (c))

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

<b>Form 1120S</b> Department of the Treasury Internal Revenue Service		<b>U.S. Income Tax Return for an S Corporation</b> ▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. ▶ Go to <a href="http://www.irs.gov/Form1120S">www.irs.gov/Form1120S</a> for instructions and the latest information.		OMB No. 1545-0123 <b>20XX</b>
For calendar year 2017 or tax year beginning , 2017, ending , 20				
<b>A</b> S election effective date	<b>TYPE OR PRINT</b>	<b>Name</b> PF S Line 15A	<b>D</b> Employer identification number	
<b>B</b> Business activity code number (see instructions)		<b>Number, street, and room or suite no. If a P.O. box, see instructions.</b> PF S Line 15G	<b>E</b> Date incorporated PF S Line 15F	
<b>C</b> Check if Sch. M-3 attached <input type="checkbox"/>		<b>City or town, state or province, country, and ZIP or foreign postal code</b> PF S Lines 15H - 15J	<b>F</b> Total assets (see instructions) \$	
<b>G</b> Is the corporation electing to be an S corporation beginning with this tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach Form 2553 if not already filed				
<b>H</b> Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return (5) <input type="checkbox"/> S election termination or revocation				
<b>I</b> Enter the number of shareholders who were shareholders during any part of the tax year				

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

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:

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

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.