

SCHEDULE C CHEAT SHEET

Helpful links for you to bookmark:

- [Schedule C](#) (print it out and get familiar!)
- [Schedule C instructions](#)
- [Other helpful IRS publications](#), including Pub 334 (Tax Guide for Small Businesses) and Pub 535 (Business Expenses). These will help you answer questions that may pop up as you're filling out your Schedule C.

Top of Page 1

The top section is where you enter your business information, like your business name, address, etc.

Note the question here on Line I - Did you make any payments that would require you to send a Form 1099? Check out the instructions for more info, but **in general, you're required to issue a 1099 to any non-corporation you paid \$600+ throughout the year for services.**

You can use your SSN or your business EIN. Keep in mind getting an EIN is free through the IRS and a great way to protect your SSN.

SCHEDULE C
(Form 1040 or 1040-SR)

Profit or Loss From Business
(Sole Proprietorship)

Department of the Treasury
Internal Revenue Service (99)

OMB No. 1545-0074
2019
Attachment
Sequence No. 09

Go to www.irs.gov/ScheduleC for instructions and the latest information.
Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

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 2019? If "No," see instructions for limit on losses Yes No

H If you started or acquired this business during 2019, check here

I Did you make any payments in 2019 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

- **Line 1 Gross receipts/sales:** This is where you will enter your business' total sales. That means all your sales, including shipping received and sales tax collected, after discounts, but before refunds and any fees.
- **Line 2 Returns & Allowances:** Here's where you enter the refunds you issued.
- **Line 4 Cost of Goods Sold** (or COGS) will travel from page 2 of your Schedule C.

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 <input type="checkbox"/>
2	Returns and allowances
3	Subtract line 2 from line 1
4	Cost of goods sold (from line 42)
5	Gross profit. Subtract line 4 from line 3
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)
7	Gross income. Add lines 5 and 6

Part II: Expenses

Here's where you enter all those business deductions you've been keeping excellent track of all year! You need receipts, invoices, or documentation for all the expenses you plan to enter here.

Sometimes which line an expense should go on is not very clearly defined. **Try not to stress too much about where to put a certain expense. The important thing is to be sensible and consistent month after month, year after year.** [Examples of things that could go in multiple places - paper (office expense or supply?), Etsy fees (commission fees or other?), memberships (Legal and professional services, or other?)] The only time when it really matters is when it's an inventory vs. non-inventory expense, since inventory items are not deducted until the year of sale (see Part III).

Here are some of the most common business deductions for a maker or creative:

- **Line 8 Advertising:** Facebook ads, sponsored posts, blog ads, printing of promotional materials like business cards, logo design & branding.
- **Line 9 Car & Truck Expenses:** This is where you can deduct your mileage; there are special instructions for doing so, and you'll calculate what you need on Page 2.
- **Line 11 Contract Labor:** For independent contractors or anybody to whom you issued a 1099.
- **Line 17 Legal or professional services:** Payments to an accountant, lawyer, consultant, etc.
- **Line 18 Office Expenses:** Postage expenses (shipping paid by you to mail your orders).
- **Line 22 Supplies:** Not to be confused with inventoriable supplies, which are entered over in

Part III. These are supplies that you will use up within one year of purchase, and they don't go in your finished goods. Think paper, ink, packaging, SVG files, patterns, fonts, embroidery files, patterns, scissors, staples, etc.

- **Line 23 Taxes and licenses:** Enter sales tax remitted to your state, and the cost of any other taxes or business licenses you've paid.
- **Line 27a Other Expenses:** Etsy fees, PayPal fees, membership or subscription expenses, everything else!

Part II Expenses. Enter expenses for business use of your home only 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	
14	Employee benefit programs (other than on line 19)	14	
15	Insurance (other than health)	15	
16	Interest (see instructions):		
	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):		
	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 and meals:		
	a Travel	24a	
	b Deductible meals (see instructions)	24b	
25	Utilities	25	
26	Wages (less employment credits)	26	
27a	Other expenses (from line 48)	27a	
27b	Reserved for future use	27b	

Bottom of Page 1

This section is just for adding and subtracting once you are done with the rest of the form. Here are a few things to note:

- **Line 30:** This is where you will take the home office deduction if it applies to you. Remember - exclusive and regular use of an area of your home. If you use the simplified method, you'll fill out the blanks right on Line 30. If you want to deduct an actual percentage of your utility bills, rent/mortgage, etc. you will fill out Form 8829.
- **Line 31:** You will subtract your total expenses to calculate your business net profit or loss. This amount will travel over to your personal 1040, to be lumped in with you and/or your spouse's "regular" job income and everything else. That lump sum will be multiplied by your

family's income tax bracket percentage. **If Line 31 is positive (net profit), this amount will also travel to Schedule SE, where you'll calculate any self-employment tax owed.**

28	Total expenses before expenses for business use of home. Add lines 8 through 27a ▶	28	
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 Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, 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	
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 Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, 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 <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.

Part III: Cost of Goods Sold

Inventory! Everyone's favorite section!

- **Line 33:** You are very most likely using the "cost" method of valuing inventory.
- **Line 35:** This needs to tie to last year's ending inventory on your tax return. If it's year 1, this should start with \$0.
- **Lines 36 & Lines 38:** This is where you add in the cost of any finished goods you purchased and intend to resell (if you buy wholesale & sell finished items like supplies for example), along with the cost of all your inventoriable supplies & raw materials you purchased to create your finished goods. This is JUST for the cost of what you bought during this year. (It's essential to track your inventory purchases throughout the year!)
- **Line 37:** Only enter the cost of labor here if you paid someone ELSE to help product the goods you create & sell.
- **Line 41:** This is the cost of your ending inventory, generally as of 12/31. That means the cost of both your finished goods waiting to be sold, and the cost of all those inventoriable supplies & materials sitting on your shelf. This is why it's important to have an inventory system set up. Ideally at year end, you perform a year-end count and calculate the cost of all those goods & supplies you have.
- **Line 42:** The IRS basically takes all that info and calculates your COGS for you.

Think of it like this →

What you start the year with (at cost)

+ All the inventory stuff you bought this year (at cost)

- What you ended the year with (at cost)

= What you sold (at cost)

Your COGS deduction then travels back over to page 1 of the Schedule C and reduces your total sales.

Schedule C (Form 1040 or 1040-SR) 2019		Page 2
Part III Cost of Goods Sold (see instructions)		
33	Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input type="checkbox"/> No	
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35
36	Purchases less cost of items withdrawn for personal use	36
37	Cost of labor. Do not include any amounts paid to yourself	37
38	Materials and supplies	38
39	Other costs	39
40	Add lines 35 through 39	40
41	Inventory at end of year	41
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42

