

Welcome



Small Business Taxes

Mitchell Community College
Small Business Center

Presenter - Ruben Gonzales

Agenda

- Expenses
- Employer Identification Number (EIN)
- Payee's Identification Number (SS#)
- Designating a Tax Year
- Choosing an Accounting Method
- Business Taxes
- Income Tax
- Form 1040
- Self-Employment Tax
- Employment Taxes
- Depositing Taxes
- Information Returns
- IRS Publication 583



Special Issue During a Pandemic

The CARES Act allows you to carry back for five years NOLs incurred during 2018-2020.



For example, if you have a 2020 NOL, you can carry it back to reduce taxable income for 2015. If the NOL is not used up, it is then applied to 2016, then 2017, and so on through 2019. Any amount left over gets carried forward to reduce taxable income in 2021 and any number of future years. If the carry back loss changes your tax liability you could get a refund of the tax you paid that year.

Income Statement /Profit Loss

Income\$ _____

Expenses

_____ \$ _____

_____ \$ _____

Depreciation \$ _____

Amortization \$ _____

Profit\$ _____



Expense?

Any cost that is incurred to help generate revenue in that period.



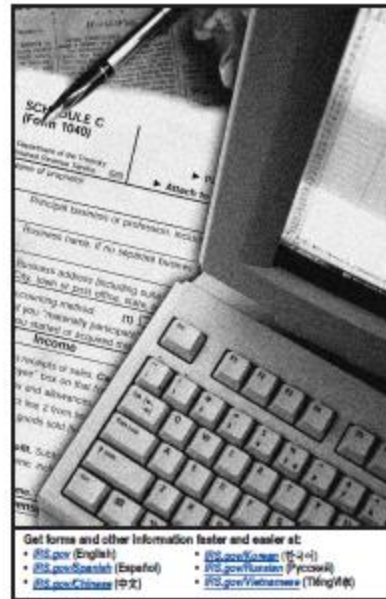
IRS Publication 583



Department of the Treasury
Internal Revenue Service

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Starting a Business and Keeping Records



Jan 14, 2015

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Introduction

This publication provides basic federal tax information for people who are starting a business. It also provides information on keeping records and illustrates a recordkeeping system.

Throughout this publication we refer to other IRS publications and forms where you will find more information. In addition, you may want to contact other government agencies, such as the Small Business Administration (SBA). See [How To Get Tax Help](#), later.

Future Developments

For the latest information about developments related to Publication 583, such as legislation enacted after it was published, go to www.irs.gov/pub583.

IRS Form Schedule C

SCHEDULE C (Form 1040) Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074
2020
 Attachment Sequence No. **09**

Department of the Treasury Internal Revenue Service (90) **► 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 2020? If "No," see instructions for limit on losses. Yes No

H If you started or acquired this business during 2020, check here _____

I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions. Yes No

J If "Yes," did you or will you file required Form(s) 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. <input type="checkbox"/>	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
10 Commissions and fees	10	20 Rent or lease (see instructions):	
11 Contract labor (see instructions)	11	a Vehicles, machinery, and equipment	20a
12 Depreciation	12	b Other business property	20b
13 Depreciation and section 179 expense deduction (not included in Part II) (see instructions)	13	21 Repairs and maintenance	21
14 Employee benefit programs (other than on line 13)	14	22 Supplies (not included in Part II)	22
15 Insurance (other than health)	15	23 Taxes and licenses	23
16 Interest (see instructions):		24 Travel and meals:	
a Mortgage (paid to banks, etc.)	16a	a Travel	24a
b Other	16b	b Deductible meals (see instructions)	24b
17 Legal and professional services	17	25 Utilities	25
25 Total expenses before expenses for business use of home. Add lines 8 through 27a	25	26 Wages (less employment credits)	26
29 Tentative profit or (loss). Subtract line 28 from line 7	29	27a Other expenses (from line 48)	27a
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	b Reserved for future use	27b
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , 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), line 3 , 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.	

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11234P Schedule C (Form 1040) 2020

Reporting Taxes

	Sole Proprietor	Partnership	C Corporation	S Corporation	LLC
	Revenue	Revenue	Revenue	Revenue	Revenue
	Expenses	Expenses	Expenses	Expenses	Expenses
	Profit	Profit	Profit	Profit	Profit
Who Pays?	Sole Proprietor 1040	Partners 1040s	Corporation	Flow Through Stock Holders	Flow Through Owners
				Stock Holders 1040	Owners 1040

IRS Income Tax Forms

- Form 1040
- Schedule 1
- Schedule C
- Form 1065
- Form 1120
- Form 1120s
- Form K1



THANKS

businessplanforstartup.com

businessplanforstartup@gmail.com