



SCHOOL & STUDENT™
SERVICES

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 1](#)
- ▶ [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?

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation PFS Line 7a or 7b		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 PFS Line 8b	
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a PFS Line 8a	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b Codes - D,E,F,G,H and S	
		14 Other		12c PFS Line 8b -	
				12d Codes - P,R,T,W	
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
Copy 1—For State, City, or Local Tax Department

20XX

Department of the Treasury—Internal Revenue Service

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 8a 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

Foreign country name Foreign province/state/country Foreign postal code to go to this fund. Checking a box below will not change your tax or refund. ☐ Yes ☐ Spouse

Filing Status ☐ Single ☐ Head of household (HOH) **PFS Line 6b**
☐ Married filing jointly (even if only one had income)
☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
Check only one box.
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

Digital Assets At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1959 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1959 ☐ Is blind

Dependents (see instructions):
(1) First name Last name (2) Social security number (3) Relationship to you (4) Check the box if qualifies for (see instructions):
Child tax credit Credit for other dependents
If more than four dependents, see instructions and check here ☐ **Report this on PFS sections 2 and 3**

Income
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.
1a Total amount from Form(s) W-2, box 1 (see instructions) **1a PFS Line 7A, 7B**
b Household employee wages not reported on Form(s) W-2 **1b**
c Tip income not reported on line 1a (see instructions) **1c**
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) **1d**
e Taxable dependent care benefits from Form 2441, line 26 **1e**
f Employer-provided adoption benefits from Form 8839, line 29 **1f**
g Wages from Form 9919, line 6 **1g**
h Other earned income (see instructions) **1h**
i Nontaxable combat pay election (see instructions) **1i**
z Add lines 1a through 1h **1z**

Standard Deduction
Attach Sch. B if required.
2a Tax-exempt interest **2a**
3a Qualified dividends **3a Do not put on PFS**
4a IRA distributions **4a**
5a Pensions and annuities **5a**
6a Social security benefits **6a PFS Line 8e**
b Taxable interest **2b PFS Line 7c**
b Ordinary dividends **3b PFS Line 7d**
b Taxable amount **4b PFS Line 7e**
b Taxable amount **5b PFS Line 7f**
b Taxable amount **6b PFS Line 7g**
c If you elect to use the lump-sum election method, check here (see instructions)
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here **7 PFS Line 7h**
8 Additional income from Schedule 1, line 10 **8**
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** **9**
10 Adjustments to income from Schedule 1, line 26 **10**
11 Subtract line 10 from line 9. This is your **adjusted gross income** **11**

Form 1040 (2023)		Page 2		
Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> <input type="text"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	PFS Line 6h
Payments	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
<div style="border: 1px solid black; padding: 2px; font-size: 0.8em;"> If you have a qualifying child, attach Sch. EIC. </div>	26	2023 estimated tax payments and amount applied from 2022 return	26	
	27	Earned income credit (EIC)	27	
	28	Additional child tax credit from Schedule 8812	28	

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 1 Line 1: Salary/Wages

Salary and wages reported here are the 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 1. 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 1 Lines 4B, 4D, and 5B: Distributions from IRA, Pensions, and Social Security

1040 Lines 4A, 4C, and 5A each show the total income you received from IRA, Pensions, and Social Security. Lines 4b, 5b, and 6b show the portion of that total that was taxable. Report taxable amount of IRA on PFS line 7e, taxable amount of Pension on PFS line 7k. Report Line 6b taxable amount of Social Security on PFS Line 7g.

To report the nontaxable portion correctly, take the difference and report it in the appropriate PFS line item in the Nontaxable Income section (PFS Section 8).

- Report your nontaxable IRA and Pension income in PFS Line 8f.
- Report your nontaxable Social Security benefits in PFS Line 8e.

► 1040 Page 2 Line 16

This shows what you owe for the different types of federal taxes on your income. PFS Line 6h asks you to report your federal taxes paid. Be sure to report the amount shown on 1040 Line 24. If you also have Self-Employment taxes reported on 1040 Schedule 2 Line 4, do not include those in PFS Line 6h, since you will report those separately for each business. If you paid self-employment taxes, for PFS Line 6h, report the total tax on Line 16 of Page 2 minus any Schedule 2 Line 4 Self-Employment tax.

Form 1040 Schedule 1

What is it for?

Schedule 1 is used to report your business income from proprietorship business, farm, corporation/partnerships, and rental income. Schedule 1 also list deductions from self-employment tax.

What does Schedule 1 Look Like?

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.		20 Attachment Sequence No. 01	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR				Your social security number	
Part I Additional Income					
1	Taxable refunds, credits, or offsets of state and local income taxes	1	PFS Line 7i		
2a	Alimony received	2a	PFS Line 7j		
b	Date of original divorce or separation agreement (see instructions):				
3	Business income or (loss). Attach Schedule C	3			
4	Other gains or (losses). Attach Form 4797	4	PFS Line 7k		
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	PFS Line 7l		
6	Farm income or (loss). Attach Schedule F	6			
7	Unemployment compensation	7	PFS Line 7m		
8	Other income:				
a	Net operating loss	8a			
b	Gambling	8b			
c	Cancellation of debt	8c			
d	Foreign earned income exclusion from Form 2555	8d			
e	Income from Form 8853	8e			
f	Income from Form 8889	8f			
g	Alaska Permanent Fund dividends	8g			
h	Jury duty pay	8h			
i	Prizes and awards	8i			
j	Activity not engaged in for profit income	8j			
k	Stock options	8k			
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l			
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m			
n	Section 951(a) inclusion (see instructions)	8n			
o	Section 951A(a) inclusion (see instructions)	8o			
p	Section 461(l) excess business loss adjustment	8p			
q	Taxable distributions from an ABL account (see instructions)	8q			
r	Scholarship and fellowship grants not reported on Form W-2	8r			
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s			
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t			
u	Wages earned while incarcerated	8u			
z	Other income. List type and amount:	8z			
9	Total other income. Add lines 8a through 8z	9	PFS Line 7n		
10	Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10			

For Paperwork Reduction Act Notice, see your tax return instructions. Cat No. 71470F Schedule 1 (Form 1040)

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

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

► 1040 Schedule 1 Line 3: 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 3. Be sure to upload each Schedule C you file, if you have income or a loss listed on your 1040 Schedule 1 Line 3.

► 1040 Schedule 1 Line 5: 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 5. If any income reported on Line 5 is from rental property, trusts, royalties or business, report it on PFS Line 7l of PFS (you will need to check the box “*Taxable income from S-Corps, partnerships, rental real estate, royalties, trusts*”, this will populate Line 7l.)

Additionally, if the income reported on Line 5 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 upload each Schedule E you file if you have income or loss listed on your 1040 Schedule 1 Line 5.

► 1040 Schedule 1 Line 6: 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 6. Be sure to upload each Schedule F you file, if you have income or a loss listed on your 1040 Schedule 1 Line 6.

► 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 (7p and 7q). Be sure to report the total shown on 1040 Line 26 on PFS line 7o. If you have adjustments in 1040 Lines 14 - 24 report them in the proper lines on the PFS. If you have adjustments be sure to leave a note in PFS Item under 7r in the text box itemizing each adjustment were for (e.g., “alimony paid” or “Educator expenses”).

Other Schedule's for Self-Employed Applicants?

← 1040 Schedule 2: Additional Taxes

SCHEDULE 2 (Form 1040) <small>Department of the Treasury Internal Revenue Service</small>		Additional Taxes <small>► Attach to Form 1040, 1040-SR, or 1040-NR. ► Go to www.irs.gov/Form1040 for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> <div style="font-size: 2em; font-weight: bold; text-align: center;">20</div> <small>Attachment Sequence No. 02</small>	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR				Your social security number	
Part I Tax					
1 Alternative minimum tax. Attach Form 6251				1	
2 Excess advance premium tax credit repayment. Attach Form 8962				2	
3 Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17 . .				3	
Part II Other Taxes					
4 Self-employment tax. Attach Schedule SE				4	PFS Line 17J
5 Social security and Medicare tax on unreported tip income. Attach Form 4137				5	
6 Uncollected social security and Medicare tax on wages. Attach Form 8919				6	
7 Total additional social security and Medicare tax. Add lines 5 and 6				7	

► 1040 Schedule 2 Line 4

This shows the total amount of self-employment taxes you paid for your business(es). These should also be reported 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 2 Line 4.

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 from the business. It itemizes the allowable expenses of the business that can be written off against the business's income to 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 3. 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)

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

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.

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 ☐ Yes ☐ No

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 <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 III) (see instructions)	13		21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	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	
28	Total expenses before expenses for business use of home. Add lines 8 through 17	28		26	Wages (less employment taxes)	26	
29	Tentative profit or (loss). Subtract line 28 from line 7	29		27a	Other expenses (from Form 1040)	27a	
30	Expenses for business use of your home. Do not report the expenses if you are using the simplified method (see instructions)	30		b	Reserved for future use		

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)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/ScheduleC for instructions and the latest information.		20 Attachment Sequence No. 09	
Name of proprietor				Social security number (SSN)	
A Principal business or profession, including product or service (see instructions) PFS Line 15i				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.) City, town or post office, state, and ZIP code PFS Line 15h through 15k					
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify)					
G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses				<input type="checkbox"/> Yes <input type="checkbox"/> No	
H If you started or acquired this business during 2023, check here				<input type="checkbox"/>	
I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions				<input type="checkbox"/> Yes <input type="checkbox"/> No	
J If "Yes," did you or will you file required Form(s) 1099?				<input type="checkbox"/> Yes <input type="checkbox"/> 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 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 15c	
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)				6 PFS Line 15d	
7 Gross income. Add lines 5 and 6				7	
Part II Expenses. Enter expenses for business use of your home only on line 30.					

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

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)
9	Car and truck expenses (see instructions)	9	19 Pension and profit-sharing plans
10	Commissions and fees	10	20 Rent or lease (see instructions):
11	Contract labor (see instructions)	11	a Vehicles, machinery, and equipment
12	Depletion	12	b Other business property
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21 Repairs and maintenance
14	Employee benefit programs (other than on line 19)	14	22 Supplies (not included in Part III)
15	Insurance (other than health)	15	23 Taxes and licenses
16	Interest (see instructions):	16	24 Travel and meals:
a Mortgage (paid to banks, etc.)	16a	17	a Travel
b Other	16b	17	b Deductible meals (see instructions)
17 Legal and professional services	17	25	Utilities
28	Total expenses before expenses for business use of home. Add lines 8 through 27b	28	26 Wages (less employment credits)
29	Tentative profit or (loss). Subtract line 28 from line 7	29	27a Other expenses (from line 48)
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.	30	b Energy efficient commercial bldgs deduction (attach Form 7205)
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		31	Net profit or (loss). Subtract line 30 from line 29.
<ul style="list-style-type: none"> 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.		32	

← Schedule C: Business Expenses and Net Profit/Loss

– 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 provide 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 does not 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 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 5. 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 5.

What does the Schedule E look like?

← Schedule E, Page 1 for Rental Income

SCHEDULE E
(Form 1040)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

Department of the Treasury
Internal Revenue Service (IRS)

OMB No. 1545-0047
20XX
Attachment
Sequence No. 13

▶ Attach to Form 1040, 1040NR, or Form 1041.
▶ Go to www.irs.gov/ScheduleE for instructions and the latest information.

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 Form(s) 1099? Yes ☐ No ☐

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

A _____
B _____
C _____

1b Type of Property (from list below)

A _____
B _____
C _____

2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the Q/J/V box only if you meet the requirements to file as a qualified joint venture. See instructions.

	A	Fair Rental Days	Personal Use Days	Q/J/V
A				
B				
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			
4 Royalties received			

Expenses:

	A	B	C
5 Advertising			
6 Auto and travel (see instructions)			
7 Cleaning and maintenance			
8 Commissions			
9 Insurance			
10 Legal and other professional fees			
11 Management fees			
12 Mortgage interest paid to banks, etc. (see instructions)			
13 Other interest			
14 Repairs			
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			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<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	
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, 1040-SR, or 1040-NR. 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, 1040-SR, or 1040-NR				Your social security number	
Part I Additional Income					
1	Taxable refunds, credits, or offsets of state and local income taxes	1			
2a	Alimony received	2a			
b	Date of original divorce or separation agreement (see instructions): _____				
3	Business income or (loss). Attach Schedule C	3			
4	Other gains or (losses). Attach Form 4797	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	PFS Line 7I		
6	Farm income or (loss). Attach Schedule F	6			
7	Unemployment compensation	7			

← 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 will be included on line 7I. This amount is found on Line 5 of Form Schedule 1

Rental property owners must also complete All Other Real Estate questions. Select yes for 10m and answer 10n - 10s for total on all rental properties and then 10t- 10y for each property that you own on the PFS.

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

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 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	PFS Line 15a	PFS 15c	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<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 allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A		PFS Line 17I			PFS Line 17I
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 included in PFS Line 7I

Partnerships and S-Corporations

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 5 (along with other income reported on Schedule E). This amount, in turn, should be reported on Line 7I 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 from 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 6. 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** _____
1b Cost or other basis of livestock or other items reported on line 1a **1b** _____
1c 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** _____
5b 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, 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** _____
11 Chemicals **11** _____
12 Conservation expenses (see instructions) **12** _____
13 Custom hire (machine work) **13** _____
14 Depreciation and section 179 expense (see instructions) **14** _____
15 Employee benefit programs other than on line 23 **15** _____
16 Feed **16** _____
17 Fertilizers and lime **17** _____
18 Freight and trucking **18** _____
19 Gasoline, fuel, and oil **19** _____
20 _____
23 Pension and profit-sharing plans **23** _____
24 Rent or lease (see instructions):
a Vehicles, machinery, equipment **24a** _____
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 _____

If you have a Schedule F, you have a farm. On PFS Line 6i, 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) <small>Department of the Treasury Internal Revenue Service</small>		Profit or Loss From Farming <small>Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, 1041, or 1065. Go to www.irs.gov/ScheduleF for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> 20 <small>Attachment Sequence No. 14</small>
Name of proprietor			Social security number (SSN)	
PFS Line 15e				
A Principal crop or activity	B Enter code from Part IV	C Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see instr.)	
PFS Line 15f				
E Did you “materially participate” in the operation of this business during 2023? If “No,” see instructions for limit on passive losses <input type="checkbox"/> Yes <input type="checkbox"/> No				
F Did you make any payments in 2023 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 Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> 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 purchased livestock and other resale items (see instructions)	1a	PFS Line 16a		
b Cost or other basis of purchased livestock or other items reported on line 1a	1b	PFS Line 16b		
c Subtract line 1b from line 1a	1c	PFS Line 16a		
2 Sales of livestock, produce, grains, and other products you raised	2	PFS Line 16d		
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		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 2023	6a		6b Taxable amount	6b PFS Line 16d
c If election to defer to 2024 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2022	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		
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.				

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 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 (see instructions):		
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	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	Reserved for future use.		
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.

– 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 / /

20XX

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

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

The image shows a sample of Schedule K-1 (Form 1120S) for the year 20XX. The form is titled "Schedule K-1 (Form 1120S)" and is issued by the Department of the Treasury, Internal Revenue Service. It is for the calendar year 2018, or tax year. The form is divided into three main parts: Part I: Information About the Corporation, Part II: Information About the Shareholder, and Part III: Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items. Part I includes fields for the Corporation's employer identification number, name, address, city, state, and ZIP code, IRS Center where corporation filed return, and Shareholder's identifying number, name, address, city, state, and ZIP code. Part II includes fields for the Shareholder's identifying number, name, address, city, state, and ZIP code, and Shareholder's percentage of stock ownership for tax year. Part III includes fields for Ordinary business income (loss), Net rental real estate income (loss), Other net rental income (loss), Interest income, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss), Credits, Foreign transactions, and 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) **20 XX**

Select "partnership" on PFS Line 15c

Internal Revenue Service For calendar year 2023, or tax year

beginning / / ending / /

Partner's Share of Income, Deductions, Credits, etc. See 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, 15h-15k

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 SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions

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

H1 ☐ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

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	%	PFS Line 15d %
Loss	%	%
Capital	%	%

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse . . . \$		\$
Qualified nonrecourse financing . . . \$		\$
Recourse . . . \$		\$

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 7I.

← Schedule K-1 for S Corporations

Schedule K-1 (Form 1120-S) <small>Department of the Treasury</small> <small>Internal Revenue Service</small>	<div style="border: 1px solid black; padding: 2px; background-color: yellow; text-align: center;"> Select "Corporation" on PFS line 15c </div>	<div style="font-size: 24pt; font-weight: bold;">20XX</div>
For calendar year 2023, or tax year		
beginning	<input style="width: 100px;" type="text" value="/"/> <input style="width: 100px;" type="text" value="/"/> <input style="width: 100px;" type="text" value="/"/>	ending
Shareholder's Share of Income, Deductions, Credits, etc.		
See 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 Line 15a, 15h- 15k		
C IRS Center where corporation filed return		
D Corporation's total number of shares Beginning of tax year <input style="width: 100px;" type="text"/> End of tax year <input style="width: 100px;" type="text"/>		
Part II Information About the Shareholder		
E Shareholder's identifying number		
F Shareholder's name, address, city, state, and ZIP code		
G Current year allocation percentage <input style="width: 100px;" type="text"/> 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 7I.

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-NEC look like?

☐ VOID☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 Form 1099-NEC (Rev. January 2024) For calendar year _____		Nonemployee Compensation
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$ PFS Line 7n		
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		Copy 1 For State Tax Department
Street address (including apt. no.)		3 _____		
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$ _____		
Account number (see instructions)		5 State tax withheld \$ _____	6 State/Payer's state no. _____	7 State income \$ _____

Form **1099-NEC** (Rev. 1-2024)

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

Which lines on Form 1099-NEC 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-NEC (other than rents and royalties) should be reported on PFS Line 7n.

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

Important Notes

- Do not report any amounts reported on a 1099-NEC 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-NEC as a contractor or freelancer, submit your 1099-NEC 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 their income but pass 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 1065-0123
Department of the Treasury
Internal Revenue Service

For calendar year 2018, or tax year beginning 2018, ending 20, 20XX
Go to 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 Depletion (Do not deduct oil and gas depletion.)
17 Retirement plans, etc.
18 Employee benefit programs
19 Other deductions (attach statement)
20 **Total deductions.** Add the amounts shown in the far right column for lines 9 through 18
21 **Ordinary business income (loss).** Subtract line 21 from line 8
22 Interest due under the look-back method—completed long-term contracts
23 Interest due under the look-back method—income for short-term contracts
24 BBA AAR imputed underpayment (see instructions)
25 Other 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:

Form 1065		U.S. Return of Partnership Income		OMB No. 1545-0123
Department of the Treasury Internal Revenue Service		For calendar year 2023, or tax year beginning _____, 2023, ending _____, 20____.		20 XX
		Go to www.irs.gov/Form1065 for instructions and the latest information.		
A Principal business activity	Type or Print	Name of partnership PS Line 15a	D Employer identification number	
B Principal product or service PFS line 15i		Number, street, and room or suite no. If a P.O. box, see instructions. PFS Line 15h	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 15i - 15k	F Total assets (see instructions) \$	
G 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 H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> 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 <input type="checkbox"/> K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				

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.

J Check if Schedules C and M-3 are attached <input type="checkbox"/> K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				
Caution: Include only trade or business income and expenses on lines 1a through 23 below. See instructions for more information.				
Income	1a Gross receipts or sales PFS Line 16a	b Less returns and allowances Do not report on PFS	c Balance	
	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 instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			9 PFS Line 17b
	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 (see instructions)			15 PFS Line 17g
	16a Depreciation (if required, attach Form 4562)	16a		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c PFS Line 17f
	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 Energy efficient commercial buildings deduction (attach Form 7205)			20 PFS Line 17g
	21 Other deductions (attach statement)			21 PFS Line 17g
	22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21			22
	23 Ordinary business income (loss). Subtract line 22 from line 8			23
24 Interest due under the look-back method—completed long-term contracts (attach Form 8697)			24	

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	
		(a)	(b)	(c)	(d)		
Assets							
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						

Schedule M-1 Reconciliation of Income (Loss) per Books With Analysis of Net Income (Loss) per Return

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-S		U.S. Income Tax Return for an S Corporation		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		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.		20	
For calendar year 20 or tax year beginning		, 20 , ending		, 20	
1 S election effective date		Name		D Employer identification number	
3 Business activity code number (see instructions)		TYPE OR PRINT 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		E Date incorporated	
2 Check if Sch. M-3 attached				F Total assets (see instructions)	
3 Is the corporation electing to be an S corporation beginning with this tax year? See instructions.		Yes No			
4 Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination					
I Enter the number of shareholders who were shareholders during any part of the tax year					
J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes					
Caution: Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.					
Income		1a Gross receipts or sales		b Less returns and allowances	
2 Cost of goods sold (attach Form 1125-A)		c Balance		1c	
3 Gross profit. Subtract line 2 from line 1c				2	
4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)				3	
5 Other income (loss) (see instructions—attach statement)				4	
6 Total income (loss). Add lines 3 through 5				5	
Deductions (see instructions for limitations)		7 Compensation of officers (see instructions—attach Form 1125-E)		6	
8 Salaries and wages (less employment credits)				7	
9 Repairs and maintenance				8	
10 Bad debts				9	
11 Rents				10	
12 Taxes and licenses				11	
13 Interest (see instructions)				12	
14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)				13	
15 Depletion (Do not deduct oil and gas depletion.)				14	
16 Advertising				15	
17 Pension, profit-sharing, etc., plans				16	
18 Employee benefit programs				17	
19 Energy efficient commercial buildings deduction (attach Form 7205)				18	
20 Other deductions (attach statement)				19	
21 Total deductions. Add lines 7 through 20				20	
22 Ordinary business income (loss). Subtract line 21 from line 6				21	
23a Excess net passive income or loss				22	

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

Form 1120-S		U.S. Income Tax Return for an S Corporation		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		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.		20XX	
For calendar year		or tax year beginning		, 20 , ending	
A S election effective date		Name		D Employer identification number	
B Business activity code number (see instructions)		PFS Line 15a		E Date incorporated	
C Check if Sch. M-3 attached <input type="checkbox"/>		PFS Line 15h		F Total assets (see instructions)	
TYPE OR PRINT		PFS Line 15i - 15k		\$	
G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No					
H 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					
I Enter the number of shareholders who were shareholders during any part of the tax year					
Caution: Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.					
Income	1a	Gross receipts or sales	PFS Line 16a	1c	Balance
	2	Cost of goods sold (attach Form 1125-A)		2	PSF 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 171, 17b
	9	Repairs and maintenance		9	PFS Line 17g
	10	Bad debts		10	PFS Line 17d
	11	Rents		11	PFS Line 17g
	12	Taxes and licenses		12	PFS Line 17g
	13	Interest (see instructions)		13	PFS Line 17f
	14	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		14	PFS Line 17g
	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	Energy efficient commercial buildings deduction (attach Form 7205)		19	PFS Line 17g
	20	Other deductions (attach statement)		20	PFS Line 17g
	21	Total deductions. Add lines 7 through 20		21	
	22	Ordinary business income (loss). Subtract line 21 from line 6		22	

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.

18		subtract the sum of the amounts on lines 11 through 12d and 16f		18
Schedule L Balance Sheets per Books				
		Beginning of tax year		End of tax year
		(a)	(b)	(c)
Assets				(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 1120-S

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:

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.