



SCHOOL & STUDENT™
SERVICES

Tax Primer

for Parents Completing
the Parents' Financial Statement

Introduction

Use this primer to get an understanding of which tax forms will be most helpful to you as you complete your PFS.

This primer does not provide an overview of every possible tax form you might receive or need to file with IRS. Instead, it only focuses on the main forms families will 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](#)
- ▶ [Form 1040 Schedule 1](#)
- ▶ [Form 1040 Schedule 2](#)
- ▶ [Form 1040 Schedule A](#)
- ▶ [Schedule C](#)
- ▶ [Form 1099-MISC](#)

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 taxes 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 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 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 **20XX** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

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

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 are applying to might ask you to supply other information from the W2. You will 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 have paid too much in taxes, it will show how much of a refund from the federal government you are entitled to receive. If you have paid too little in taxes, it will show how much more you need to pay.

What does Form 1040 look like?

The 1040 is the base form and may include additional schedules based on your income. Let us look at the 1040 base form:

← 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. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Filing Status		<input type="checkbox"/> Single		<input type="checkbox"/> Head of household (HOH)		PFS Line 6b	
Check only one box.		<input type="checkbox"/> Married filing jointly (even if only one had income)		<input type="checkbox"/> Married filing separately (MFS)		<input type="checkbox"/> Qualifying surviving spouse (QSS)	
		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.) <input type="checkbox"/> Yes <input type="checkbox"/> No					
Standard Deduction		Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien					
Age/Blindness		You: <input type="checkbox"/> Were born before January 2, 1959 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1959 <input type="checkbox"/> Is blind					
Dependents (see instructions):		(4) Check the box if qualifies for (see instructions):					
(1) First name Last name		(2) Social security number	(3) Relationship to you	Child tax credit	Credit for other dependents		
Report this on PFS sections 2 and 3							
Income		1a Total amount from Form(s) W-2, box 1 (see instructions)				1a PFS Line 7A, 7B	
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.		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 8919, line 6				1g	
		h Other earned income (see instructions)				1h	
		i Nontaxable combat pay election (see instructions)				1i	
		j Add lines 1a through 1h				1j	
Attach Sch. B if required.		2a Tax-exempt interest		2a		2b Taxable interest	
		3a Qualified dividends		3a Do not put on PFS		3b Ordinary dividends	
		4a IRA distributions		4a		4b Taxable amount	
		5a Pensions and annuities		5a		5b Taxable amount	
		6a Social security benefits		6a PFS Line 8e		6b Taxable amount	
		c If you elect to use the lump-sum election method, check here (see instructions)				7 PFS Line 7h	
Standard Deduction for—		7 Capital gain or (loss). Attach Schedule D if required. If not required, check here				7	
• Single or Married filing separately, \$13,850		8 Additional income from Schedule 1, line 10				8	
• Married filing jointly or Qualifying surviving spouse, \$27,700		9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income				9	
• Head of household, \$20,800		10 Adjustments to income from Schedule 1, line 26				10	
		11 Subtract line 10 from line 9. This is your adjusted gross income				11	

1040 Page 2

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"/>	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	
	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	

If you have a qualifying child, attach Sch. EIC.

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 warrant a little more guidance:

► 1040 Page 1: Household Information

Be sure your tax filing status on PFS Line 6B matches what is checked off at the top of your 1040 form. An incorrect choice on the PFS can cause a miscalculation of the credit you receive for federal income taxes paid.

When listing your applicants and dependents on the PFS, make sure it is consistent with the dependents listed on your 1040 dependents section. If you support children or others in your household that you cannot claim as a dependent, be sure to list them and explain their relationship to you in the PFS "Other Considerations" section.

► 1040 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 will not 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. Business owners must be careful not to report profit taken from the business as salary or wages. If you own a business and pay 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 Lines 4a and 5a: Distributions from IRA, Pensions, and Social Security

1040 Lines 4a, 5a and 6a each show the total income you received from IRA, Pensions, and Social Security. Lines 4b, 5b and 6b show the portion of those totals that were taxable. If you have values on lines 4b, 5b and 6b be sure to select those options under Other taxable income so you can report taxable

amount of IRA on PFS line 7e, and pensions on 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 Tax Schedule 2, Page 2 Line 24**

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 24 of Page 2 minus any Schedule 2 Line 4 Self-Employment tax.

- **1040 Page 2 Line 27**

Earned income credits shown here are considered non-taxable income and should be selected – 1040 – Earned Income Credits (EICs) so number 8c populates to enter line 27 can be entered.

Form 1040 Schedule 1

What is it for?

Schedule 1 is used to report additional income received such as unemployment compensation, proprietorship business, corporation/partnerships, and rental income.

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		1	PFS Line 7i
2a	Alimony received	2a		2a	PFS Line 7j
b	Date of original divorce or separation agreement (see instructions):				
3	Business income or (loss). Attach Schedule C	3		3	
4	Other gains or (losses). Attach Form 4797	4		4	PFS Line 7k
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5		5	PFS Line 7l
6	Farm income or (loss). Attach Schedule F	6		6	
7	Unemployment compensation	7		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 ABLE 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		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		10	

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

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	PFS Line 7p
16	Self-employed SEP, SIMPLE, and qualified plans	16	PFS Line 7q
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction	20	PFS Line 7r
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8i from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount:	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10	26	PFS Line 7o

Schedule 1 (Form 1040)

Which lines on Form 1040 Schedule 1 matter most for completing the PFS?► **1040 Tax 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 Tax Schedule 1, Line 3. Be sure to upload each Schedule C you file, if you have income or a loss listed on your 1040 Tax Schedule 1, Line 3.

► **1040 Tax 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 Tax Schedule 1, Line 5. If any income reported on Line 5 is from rental property, trusts, or royalties, report it on Line 7l of your PFS.

If any 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 send or upload each Schedule E you file, if you have income or loss listed on your 1040 Tax Schedule 1, Line 5.

► **1040 Tax Schedule 1 Adjustments to Income**

Be sure to report the total shown on 1040 Tax Schedule 1, page 2, line 26 on PFS line 7o. Be sure to itemize a note on the line “Detail your other adjustments to 20xx revenue.”

– Important –

If you filed a 1040 Schedule 1 and have reported income from rental real estate, partnerships, S-corporations-Line 5 or Farm Income-Line 6. Please use our Tax Primer for Self Employed Parents for further instructions on how to complete sections 15-19 of the PFS.

Form 1040 Schedule A

SCHEDULE A (Form 1040) <small>Department of the Treasury Internal Revenue Service</small>		Itemized Deductions Attach to Form 1040 or 1040-SR. Go to www.irs.gov/ScheduleA for instructions and the latest information. Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.		<small>OMB No. 1545-0074</small> <div style="font-size: 2em; font-weight: bold;">20</div> <small>Attachment Sequence No. 07</small>
Name(s) shown on Form 1040 or 1040-SR			Your social security number	
Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see instructions)	1	PFS Line 14b
	2	Enter amount from Form 1040 or 1040-SR, line 11	2	
	3	Multiply line 2 by 7.5% (0.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	
Taxes You Paid	5	State and local taxes.		
	a	State and local income taxes or general sales taxes. You may include		
	e	Add lines 8a through 8c	8e	
	9	Investment interest. Attach Form 4952 if required. See instructions	9	
	10	Add lines 8e and 9	10	
Gifts to Charity <small>Caution: If you made a gift and got a benefit for it, see instructions.</small>	11	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	11	
	12	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	12	
	13	Carryover from prior year	13	
	14	Add lines 11 through 13	14	
Casualty and Theft Losses	15	Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions	15	
Other Itemized Deductions	16	Other—from list in instructions. List type and amount:	16	
Total Itemized Deductions	17	Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12	17	PFS Line 6g
	18	If you elect to itemize deductions even though they are less than your standard deduction, check this box		<input type="checkbox"/>

For Paperwork Reduction Act Notice, see the Instructions for Form 1040. Cat. No. 17145C Schedule A (Form 1040)

SCHEDULE 2 (Form 1040) <small>Department of the Treasury Internal Revenue Service</small>	Additional Taxes ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	<small>OMB No. 1545-0074</small> <div style="text-align: center; font-size: 2em; font-weight: bold;">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	

Which Lines Matter for the PFS?

▶ Schedule A

If you filed a Schedule A, you itemized deductions and should say “Yes” to PFS Line 6F and report the amount on PFS Line 6G. If you did not itemize your deductions, say “No” to PFS 6F. No other questions on the PFS ask about any amounts in this section of the 1040.

If your itemized deductions include medical and/or dental expenses, look at your Schedule A, Line 1. You can report the total medical and dental expenses shown there on PFS Line 14b. Do not itemize? You can still report your medical and dental expenses on PFS Line 14b , even if you did not itemize them on Schedule A.

▶ 1040, Tax Schedule 2, Line 4

Report 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 is reported here on the Schedule 2 Line 4.

Schedule C

What is Schedule C for?

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 ultimately show what your net profit or loss was on the business. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 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 Schedule C look like?

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		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.		20XX Attachment Sequence No. 09	
Name of proprietor				Social security number (SSN)	
A Principal business or profession, including product or service (see instructions)				B Enter code from instructions	
C Business name. If no separate business name, leave blank.				D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) City, town or post office, state, and ZIP code					
F Accounting method: (1) <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 2018? 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 2018, check here . . . <input type="checkbox"/> Yes <input type="checkbox"/> No					
I Did you make any payments in 2018 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 Forms 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	
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	
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 taxes)				26	
27a Other expenses (from Schedule E)				27a	
b Reserved for future use				27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27b					
29 Tentative profit or (loss). Subtract line 28 from line 7					
30 Expenses for business use of your home. Do not report the expenses if you are using the simplified method (see instructions). If you are not using the simplified method, enter the amount on line 29.					

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

If you have a Schedule C, you have a Sole Proprietorship. On PFS Line 6i, 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 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.		20XX 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 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 20xx? 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 20xx, check here				<input type="checkbox"/>	
I Did you make any payments in 20xx 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 Should match PFS Line 16c	
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)				6 PFS Line 16d	
7 Gross income. Add lines 5 and 6				7	

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) .	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 PFS Line 17d
12 Depletion	12	b Other business property	20b PFS Line 17d
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13 PFS Line 17f	21 Repairs and maintenance	21
14 Employee benefit programs (other than on line 19)	14 PFS Line 17c	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 PFS Line 17e	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 27b	28	26 Wages (less employment credits)	26 PFS Line 17a & 17b
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 Energy efficient commercial bldgs deduction (attach Form 7205)	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.	31		Should match PFS line 17f

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.

Form 1099-MISC

What is Form 1099-MISC for?

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 was not 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 Form 1099-MISC look like?

<div style="display: flex; justify-content: space-between;"> VOID CORRECTED </div>		<div style="display: flex; justify-content: space-between;"> <div> PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <div style="background-color: #e0e0ff; height: 60px; width: 100%;"></div> </div> <div> 1 Rents \$ <div style="background-color: #e0e0ff; width: 100px;"></div> </div> <div> 2 Royalties \$ <div style="background-color: #e0e0ff; width: 100px;"></div> </div> <div> 3 Other income <input type="checkbox"/> \$ <div style="background-color: #e0e0ff; width: 100px;"></div> </div> </div>		<div> OMB No. 1545-0115 <div style="font-size: 2em; font-weight: bold;">20</div> Form 1099-MISC </div>	<div style="text-align: center;"> Miscellaneous Information Copy 1 For State Tax Department </div>
PAYER'S TIN <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>	RECIPIENT'S TIN <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>	4 Federal income tax withheld \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	5 Fishing boat proceeds \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	6 Medical and health care payments \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	
RECIPIENT'S name <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	8 Substitute payments in lieu of dividends or interest \$ <div style="background-color: #e0e0ff; width: 100px;"></div>		
Street address (including apt. no.) <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>		9 Crop insurance proceeds \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	10 Gross proceeds paid to an attorney \$ <div style="background-color: #e0e0ff; width: 100px;"></div>		
City or town, state or province, country, and ZIP or foreign postal code <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>		11 Fish purchased for resale \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	12 Section 409A deferrals \$ <div style="background-color: #e0e0ff; width: 100px;"></div>		
Account number (see instructions) <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>	FATCA filing requirement <input type="checkbox"/>	13 Excess golden parachute payments \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	14 Nonqualified deferred compensation \$ <div style="background-color: #e0e0ff; width: 100px;"></div>		
<div style="background-color: #a0a0a0; height: 30px; width: 100%;"></div>		15 State tax withheld \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	16 State/Payer's state no. <div style="background-color: #e0e0ff; height: 30px; width: 100%;"></div>	17 State income \$ <div style="background-color: #e0e0ff; width: 100px;"></div>	
		\$ <div style="background-color: #e0e0ff; width: 100px;"></div>	\$ <div style="background-color: #e0e0ff; width: 100px;"></div>	\$ <div style="background-color: #e0e0ff; width: 100px;"></div>	

Form **1099-MISC**
www.irs.gov/Form1099MISC
Department of the Treasury - Internal Revenue Service

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

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

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

Important Notes

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