



Tax Primer

For self-employed parents completing the SSS Parents' Financial Statement | PFS

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.

Tax forms covered in this tax primer:

- ► 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 three 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.

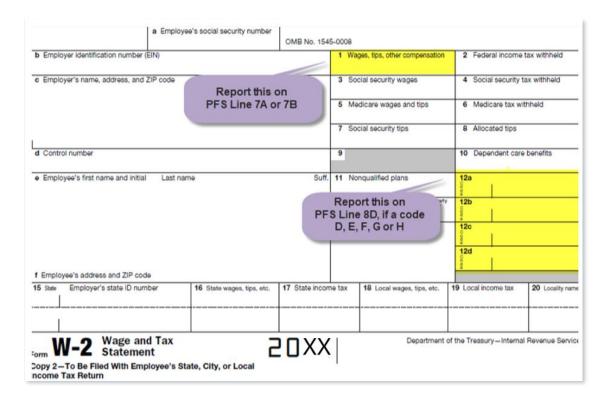
If a school requires your tax forms and schedules, be sure to send or upload the full set of tax that you submit to the IRS when filing your tax return. Doing so ensures that you complete each school's document requirements correctly, avoiding possible delays in the process.

Form W-2

What is Form W-2 used for?

The W-2 is an annual statement of your earnings provided by your employwer for the calendar year. It also shows how much of your pay was withheld for taxes, Social Security, and Medicare. It also indicates how much of your income you put into certain types of pre-tax retirement plans.

What does the Form W-2 look like?



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

If you are a W-2 earner or pay yourself a salary from your business, this 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 receives more than one for the year.

Look at Box 12. If amounts appear in this section with a code D-H, be sure to report that amount as "Payments to tax-deferred retirement plans" in PFS line 8D of the Nontaxable Income Worksheet. If you have multiple W-2s, report the total amount.

You do not have to report any other information from the W-2 on the PFS; however, it is possible that one or more schools you're applying to might ask you to supply other information from the W-2. You'll likely be required to submit or upload a copy of each W-2 you receive as part of your financial aid application.

Form 1040

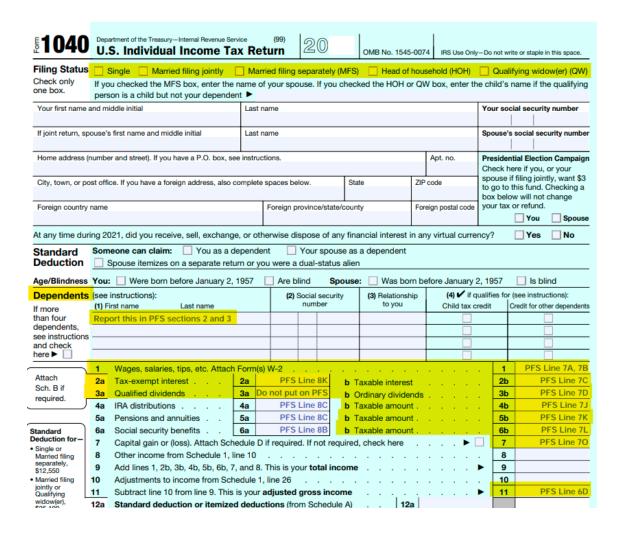
What is the Form 1040 for?

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



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 a total of salaries earned by the parents in the household. The PFS asks you to report each parent's salary separately, so you won't see a single line item on the PFS for the total salaries. Be sure, though, that the total of the salaries you enter in line 7A and 7B for each parent is the same as the total shown on Line 1 of your 1040 Page 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.

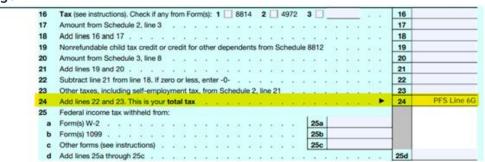
▶ 1040 Page 1 Lines 4B, 5B and 6B: Distributions from IRA, Pensions, and Social Security

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 that total that was taxable. Report taxable amount of IRA on PFS line 7J, taxable amount of Pension on PFS line 7K. Report Line 6B taxable amount of Social Security on PFS Line 7L.

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 8C.
- Report your nontaxable Social Security benefits in PFS Line 8B.

▶ 1040 Page 2



1040 Page 2 Line 24

This shows what you owe for the different types of federal taxes on your income. PFS Line 6D 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 6G, since you will report those separately for each business. If you paid self-employment taxes, for PFS Line 6G, report the total tax on Line 24 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 selfemployment tax.

What

does	Schedule 1 Look Like?		
SCHE	Additional Income and Adjustments to Income	- 1	OMB No. 1545-0074
(Form	1040)	Г	20
Departm	ent of the Treasury Revenue Service Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.		Attachment Sequence No. 01
	-	our socia	I security number
			•
Par	Additional Income		
1	Taxable refunds, credits, or offsets of state and local income taxes	. 1	PFS Line 7N
2a	Alimony received	. 2	a PFS Line 7M
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	. з	PFS Lines 15-18
4	Other gains or (losses). Attach Form 4797	. 4	PFS Line 7P
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Atta	ach	
	Schedule E	. 5	PFS Line 70
6	Farm income or (loss). Attach Schedule F	. 6	PFS Lines 15-18
7	Unemployment compensation	. 7	PFS Line 7R
8	Other income:		
	Net operating loss 8a (
		4	
b	Gambling income		
Par 11	t Adjustments to Income	. 11	
12	Certain business expenses of reservists, performing artists, and fee-basis governm	_	
	officials. Attach Form 2106	1:	
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	
16	Self-employed SEP, SIMPLE, and qualified plans	. 1	
18	Penalty on early withdrawal of savings	11	
19a	_	19	
b	Recipient's SSN		
c		_	
20	IRA deduction	. 20	D PFS Line 7F
21	Student loan interest deduction	. 2	1
22	Reserved for future use	. 2	2
23	Archer MSA deduction	. 2	3
24	Other adjustments:		
а	Jury duty pay (see instructions)	_	
ь	Deductible expenses related to income reported on line 8k 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 8l 24c		
d	Reforestation amortization and expenses		
е	Repayment of supplemental unemployment benefits under the Trade Act of 1974		
	Contributions to section 501(cV18VD) pension plans	_	

24

g Contributions by certain chaplains to section 403(b) plans h Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)

Make sure to answer "Yes" to PFS line 6h and indicate number of businesses owned on PFS line 6l.

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 send or 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 7Q of PFS (answer "Yes" to Other Taxable Income to open the worksheet). 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 send or 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 send or 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 (7H and 7I). Be sure to report the total shown on Tax schedule 1 Line 20 on PFS line 7F. If you have adjustments on the Tax Schedule 1 page 2 Lines 15, 16, or 20, report them in the proper lines on the PFS. If you have adjustments other than those three, be sure to leave a note in PFS Item 7i to specify what the adjustments were for (e.g., "alimony paid" or "Educator expenses").

Other Schedules for Self-Employed Applicants

▶ 1040 Schedule 2: Additional Taxes

	EDULE 2 n 1040)	Additional Taxes					OMB No. 1545-0074
Departi	ment of the Treasury Revenue Service	► Attach to Form 1040, 1040-SR, or 1040-NR ► Go to www.irs.gov/Form1040 for instructions and the late		mation.		4	20 Attachment Sequence No. 02
Name	e(s) shown on Fo	orm 1040, 1040-SR, or 1040-NR			Your so	cial s	security number
Pa	rt I Tax						
1	Alternative	minimum tax. Attach Form 6251				1	
2	Excess adv	ance premium tax credit repayment. Attach Form 8962			[2	
3	Add lines 1	and 2. Enter here and on Form 1040, 1040-SR, or 1040	0-NR, I	ine 17	7	3	
Pai	t II Other	Taxes					
4	Self-employ	ment tax. Attach Schedule SE				4	PFS Line 17J
5		urity and Medicare tax on unreported tip income.	5				
6	Uncollected Form 8919	I social security and Medicare tax on wages. Attach	6				
7	Total addition	onal social security and Medicare tax. Add lines 5 and	6.		[7	
8	Additional to	ax on IRAs or other tax-favored accounts. Attach Form	5329	if requ	uired	8	
9	Household	employment taxes. Attach Schedule H			[9	
10	Repayment	of first-time homebuyer credit. Attach Form 5405 if red	quired .		[10	
11	Additional N	Medicare Tay, Attach Form 8959				11	

▶ 1040 Schedule 2 Line 4

This shows the total amount of self-employment taxes you paid for your business(es). These should also be report on Line 17J on the PFS. Note that the PFS will ask you how much self-employment tax you paid for each business separately. The total of all those self-employment tax amounts should be equal to what's reported here on the 1040 Schedule 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 for 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 the Schedule C look like?

Forn	NOTIC OF UTIO T FEMALEURY	Go to www.		ropriet r instr			OMB No. 1545-0074 20 XX Attachment Sequence No. 09
ame o	of proprietor					Social s	security number (SSN)
	Principal business or profession	on, including	product or service (see	e instr	uctions)	B Enter	code from instructions
	Business name. If no separate	business na	me, leave blank.			D Empl	oyer ID number (EIN) (see instr.)
	Business address (including s	uite or room	no.) ►				
	City, town or post office, state	, and ZIP co					
	Accounting method: (1)	Cash	(2) Accrual (3)) [](Other (specify) ►		
	Did you "materially participate	in the oper	ation of this business	during	2018? If "No," see instructions for lir	nit on k	osses . Yes N
							▶ □
					(s) 1099? (see instructions)		Yes N
Part							
1	Gross receipts or sales. See in	nstructions fo	or line 1 and check the	box if	this income was reported to you on		
•					I	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 federa	al and state	gasoline or fuel tax cre	dit or r	efund (see instructions)	6	
7	Gross income. Add lines 5 a	nd 6				7	
art	Expenses. Enter expenses.	enses for b	usiness use of you	r hom	e only on line 30.		
8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see			19	Pension and profit-sharing plans .	19	
	instructions)	9		20	Rent or lease (see instructions):		
0	Commissions and fees .	10		a	Vehicles, machinery, and equipment	20a	
1	Contract labor (see instructions)	11		ь	Other business property	20b	
2	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not			22	Supplies (not included in Part III) .	22	
	included in Part III) (see			23	Taxes and licenses	23	
	instructions)	13		24	Travel and meals:		
4	Employee benefit programs			а	Travel	24a	
	(other than on line 19)	14		ь	Deductible meals (see		
5	Insurance (other than health)	15			instructions)	24b	
6	Interest (see instructions):			25	Utilities	OF.	
a	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment c		
ь	Other	16b		27a			
17	Legal and professional services	17	41	ь	Reserved		
28	Total expenses before expen				3 thro		
29	Tentative profit or (loss). Subtr						
	Expenses for business use of	f your home	. Do not report the				

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." Then select the number of sole proprietorships that you own. 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			
	ment of the Treasury	► Go to www.irs.gov/ScheduleC for instructions and the latest information.	Attachment			
200000000000000000000000000000000000000	I Revenue Service (99) of proprietor	► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.	Social security number (SSN)			
	o. propriotor		, (55.14)			
A	Principal business	or profession, including product or service (see instructions) PFS Line 15K B Enter co	de from instructions			
С	Business name. If r	no separate business name, leave blank. PFS Line 15A D Employer	r ID number (EIN) (see instr.)			
E		(including suite or room no.) PPS Line 15G thru 15J				
F	Accounting method	d: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►				
G	Did you "materially	participate" in the operation of this business during 2017? If "No," see instructions for limit on losse	es . Yes No			
H	If you started or ac	equired this business during 2017, check here	. ▶ □			
I	Did you make any	payments in 2017 that would require you to file Form(s) 1099? (see instructions)	Yes No			
J	If "Yes," did you or	r will you file required Forms 1099?	Yes No			
Par	t Income					
1		sales. See instructions for line 1 and check the box if this income was reported to you on "Statutory employee" box on that form was checked	PFS Line 16A			
2	Returns and allowa	ances				
3	Subtract line 2 from	m line 1				
4	Cost of goods sold	d (from line 42)	PFS Line 16B			
5	Gross profit. Sub	tract line 4 from line 3	PFS Line 16C			
6	Other income, incli	uding federal and state gasoline or fuel tax credit or refund (see instructions) 6	PFS Line 16D			
7	Gross income. Ad	dd lines 5 and 6				

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

Schedule C: Business Expenses and Net Profit/Loss

Part	Expenses. Enter expe	enses	for business use of	f you	ır hon	ne only on line 30.			
8	Advertising	8			18	Office expense (see instructions)	18		
9	Car and truck expenses (see				19	Pension and profit-sharing plans .	19		
	instructions)	9			20	Rent or lease (see instructions):		PF S Line 17D	
10	Commissions and fees .	10			a	Vehicles, machinery, and equipment	20a		
11	Contract labor (see instructions)	11			b	Other business property	20b		
12	Depletion	12			21	Repairs and maintenance	21		
13	Depreciation and section 179				22	Supplies (not included in Part III) .	22		
	expense deduction (not included in Part III) (see		PFS Line 17F		23	Taxes and licenses	23		
	instructions)	13			24	Travel, meals, and entertainment:			
14	Employee benefit programs		PES Line 17C		a	Travel	24a		
	(other than on line 19)	14	PF3 Line I/C		b	Deductible meals and			
15	Insurance (other than health)	15			1	entertainment (see instructions) .	24b		
16	Interest:				25	Utilities	25		
а	Mortgage (paid to banks, etc.)	16a			26	Wages (less employment credits).	26	PFS Line 17A, B	
b	Other	16b			27a	Other expenses (from line 48)	27a		
17	Legal and professional services	17			b	Reserved for future use	27b		
28	Total expenses before expen	ses for	business use of hom	e. Ado	lines	8 through 27a ▶	28	PFS Line 17I	
29	Tentative profit or (loss). Subtr	act lin	e 28 from line 7				29		
30	Expenses for business use o	f your	home. Do not report	these	e expe	nses elsewhere. Attach Form 8829			
	unless using the simplified me	thod (s	see instructions).						
	Simplified method filers only	: enter	the total square foots	ige of:	(a) yo	ur home:			
	and (b) the part of your home	used fo	or business:			. Use the Simplified			
	Method Worksheet in the instr	uction	s to figure the amount	to en	ter on	line 30	30		
31	Net profit or (loss). Subtract	line 30) from line 29.						
	. If a profit, enter on both Forr	n 1040	, line 12 (or Form 104)	ONR, I	ine 13)	and on Schedule SE, line 2.		PFS Line 17L	
	(If you checked the box on line	31							
	 If a loss, you must go to lin 	e 32.)		•	
32	If you have a loss, check the box that describes your investment in this activity (see instructions).								
	If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and					32a All investment is at risk. 32b Some investment is not			
	trusts, enter on Form 1041, lin		ob Form C100 Vous		au bal	imited	320	at risk.	
	 If you checked 32b, you mu 	i st atta	ich Form 6198. Your l	oss m	ay be	imitea.			

- Look at Line 13: If you are writing off any depreciation or "section 179 expense," you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to send or upload that with your tax forms. Doing so allows the school to clarify how much of the amount on Line 13 is actual depreciation and not "section 179 expense." This is to your advantage, typically.
- Look at Line 26: If you paid wages to employees for your business (as reported on W2's that you filed for them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others. If Schedule C Line 26 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A. Only report this amount if you provided a W2 as documentation of those earnings. Do NOT report your net profit as your salary.

If Schedule C Line 26 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

By definition, a sole proprietorship doesn't share the profit or loss of the business with any other person or entity. Report the amount on Schedule C Line 31 on PFS Line 17L to reflect your share of the total business profit or loss (in other words, the amount that belongs to you).

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

Schedule E

What is the Schedule E for?

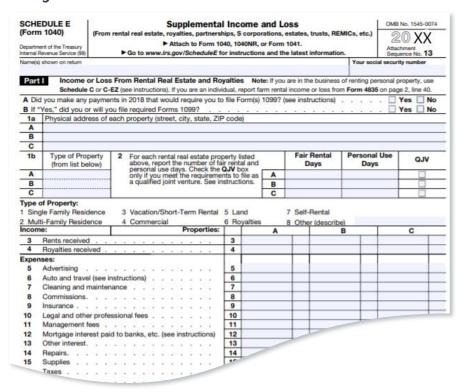
The Schedule E is used for reporting specific details about several types of income sources such as rental real estate income, income from partnerships, S-Corporations, royalties, trusts, estates, and more.

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 ultimately show what your net profit or loss was on the property. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 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.

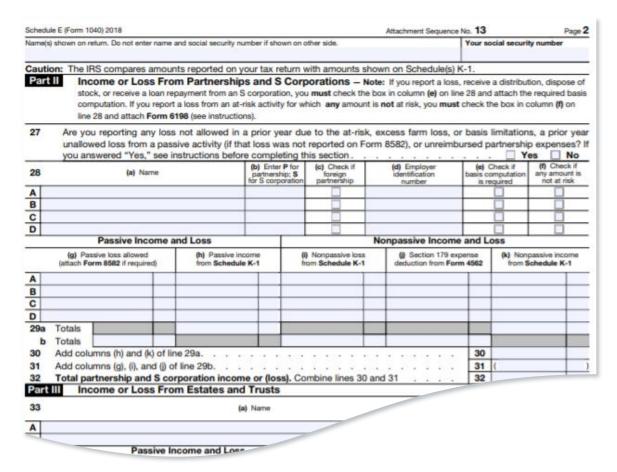
For Partnerships and S-Corporations, it details the names and types of businesses you own or co-own as partnerships or S-Corporations. It itemizes the income or loss for each entity that is passed through to you to claim on your 1040. The income or loss is included in the entry on your Form 1040 Schedule 1 on Line 5.

What does the Schedule E look like?

Schedule E Page 1 for Rental Income



► Schedule E Page 2 for Partnership and S-Corporation Income



- 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?

(Form 1	EDULE 1 1040 or 1040-SR) nent of the Treasury Revenue Service	Additional Income and Adjustments to Income ► Attach to Form 1040 or 1040-SR. ► Go to www.irs.gov/Form1040 for instructions and the latest information.		A	MB No. 1545-0074 20 XX ttachment equence No. 01
Name(s)) shown on Form 10	40 or 1040-SR	Your	socia	al security number
At any	time during 2	019, did you receive, sell, send, exchange, or otherwise acquire any financial intere	st in	any	
					Yes No
Part		nal Income			
1	Taxable refund	ds, credits, or offsets of state and local income taxes		1	
2a	Alimony receiv	red	. Г	2a	
b	Date of origina	al divorce or separation agreement (see instructions) ▶			
3	Business inco	me or (loss). Attach Schedule C	.	3	
4		(losses). Attach Form 4797		4	
5		ate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5	PFS Line 7Q
6		or (loss). Attach Schedule F		6	
7		at compensation		7	
8	Other income.	List type and amount ▶			
				8	
9	Combine lines	1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a		9	

Rental Property

There are no specific questions on the PFS for detailing the income and expense sources for rental properties. When completing the PFS, owners of rental real estate should include the profit or loss of the rental properties in PFS Line 7Q (answer "Yes" to Other Taxable Income to open worksheet). This amount is found on Line 5 of the Form 1040.

Rental property owners must also complete All Other Real Estate questions 10K–10U on the PFS.

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

Partnerships and S-Corporations

	e E (Form 10							Attachm	ent Sequence N	lo. 13		Page
lame(s)	shown on re	eturn. Do not enter	name	and social security nur	nber if show	n on other side.				Your so	ocial se	ecurity number
Cautio	n: The If	RS compares a	amour	nts reported on yo	ur tax reti	urn with amount	s show	n on So	chedule(s) K	-1.		
Part	II Inc	ome or Los	s Fro	m Partnerships	and S C	Corporations	Note:	If you re	port a loss fro	om an a	at-risk	activity for which
	any	amount is not a	at risk,	you must check the	box in col	umn (e) on line 28	and att	ach For	m 6198. See	instruct	tions.	
27	Are yo	u reporting an	y loss	not allowed in a	prior yea	r due to the at-	risk, ex	cess fa	arm loss, or	basis	limita	itions, a prior yea
				sive activity (if tha				8582),	or unreimbu	rsed p	artn <u>e</u>	
	you an	swered "Yes,"	see ir	nstructions before	completi							Yes No
28			(a) Na	me		(b) Enter P for partnership; S for S corporation	for	heck if eign ership	ìdentif	nployer ication nber		(e) Check if any amount is not at risk
Α		PFS Line	15A			PF S 15C	para		Hull	ibei		HOL at risk
B C							i	_				
С												
D												
		Passive Inco	ome a	nd Loss		•	No	npassi	ve Income	and L	oss	•
		sive loss allowed rm 8582 if require	d)	(g) Passive inco from Schedule		(h) Nonpassive loss (i) Section 179 exp deduction from Form						
Α		PFS	Line	17L				PF	S Line 17L			
В												
B C D												
D												
29a	Totals											
b	Totals									_		
30		mns (g) and (j)								30		
31		mns (f), (h), an	.,			<u></u>				31	(
32				orporation incor total on line 41 b			nes 30	and 31	. Enter the	32	PF	S Line 7Q

For each Partnership or S-Corporation you own, the Schedule E will report the pass-through portion of the business's profit or loss that you must claim on your tax return. The PFS will ask you to report the total income and expenses of the Partnership or Corporation to calculate the profit or loss of the entire entity. On PFS Line 17L, you must indicate how much of that profit/loss was passed-through to you. For each business you are a partner or shareholder in, your entry on Line 17L should match the entries on Lines 28A-28D.

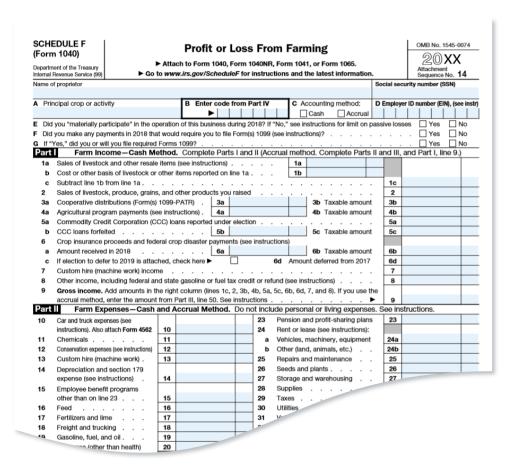
The total pass-through income (or loss) across all entities appears on line 32 of the Schedule E. This is then included in the total income (or loss) reported on the 1040 Schedule 1, Line 5 (along with other income reported on the Schedule E). This amount, in turn, should be reported on Line 7Q of the PFS.

Schedule F

What is the Schedule F for?

The Schedule F is used for reporting specific details about each farm you own for which you are the sole proprietor. It shows the name, location, and type of farm. It details the total, gross income you received for the farm. It itemizes allowable expenses of the farm that can be written off against the farm's income to ultimately show your net profit or loss on the farm. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 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?



If you have a Schedule F, you have a farm. On PFS Line 6H, answer "Yes." You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15B, select "Farm" and complete the questions about each farm based on the income and expense information provided on the Schedule F. On PFS Line 15C, select the farm's type...are you the sole owner? Is it part of a partnership or a corporation? Let's look at each section of the Schedule F.

Schedule F: Farm Information and Income

	Profit or Loss From Farming Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 10	ng E	OMB No. 1545-00	74
Departm Internal	nent of the Treasury Revenue Service (99) Attach to Porm 1040, Porm 1040-SR, Porm 1040-IRR, Porm 1041, or Porm 1040-IRR, Porm IRR, Porm		Attachment Sequence No. 14	4
Name o	f proprietor	Social sec	urity number (SSN)	_
PFS Li	ine 15E			
A Prir	ncipal crop or activity B Enter code from Part IV C Accounting method:	D Employe	er ID number (EIN) (see	instr.)
PFS Li	ine 15k Cash Accrual			
E Did	you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit of	n passive lo	osses Yes	No
F Did	you make any payments in 2019 that would require you to file Form(s) 1099? See instructions		. Yes	No
G If "	Yes," did you or will you file required Form(s) 1099?		. Yes	No
Part	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)	Line 16A		
b	Cost or other basis of livestock or other items reported on line 1a	Line 16B		
C	Subtract line 1b from line 1a		1c	
2	Sales of livestock, produce, grains, and other products you raised		2 PFS Line	≥ 16A
3a	Cooperative distributions (Form(s) 1099-PATR) . 3a 3b Taxable amount .		3b PFS Line	≥ 16D
4a	Agricultural program payments (see instructions) . 4a 4b Taxable amount .		4b PFS Line	≥ 16D
5a	Commodity Credit Corporation (CCC) loans reported under election		5a PFS Line	€ 16D
b	CCC loans forfeited		5c PFS Line	€ 16D
6	Crop insurance proceeds and federal crop disaster payments (see instructions):			
a	Amount received in 2019 6a 6b Taxable amount .		6b PFS Line	16D
C	If election to defer to 2020 is attached, check here ▶ ☐ 6d Amount deferred fro	m 2018	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 accrual method, enter the amount from Part III, line 50. See instructions		9 PFS Line	e 16E

There are many more lines of detail on the income section of the Schedule F than on the PFS. As such, be careful to total the appropriate lines from the Schedule F and report them in the corresponding "catchall" lines of the PFS.

- Lines 1a and 2 on the Schedule F are reported on Line 16A of the PFS.
- Lines 3 through 8 on the Schedule F are reported on the PFS Line 16D.
- Line 1b on Schedule F is reported on Line 16B of the PFS.
- Line 9 on Schedule F should match the calculation on the PFS Line 16E.

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

Schedule F: Farm Expenses and Net Profit/Loss

Doub	T		,o oo. oooou uo				I I J LIIIC IOL
Part	Farm Expenses—Cash and A	ccru	ai Method. Do no		e personal or living expenses. See in	_	ions.
10	Car and truck expenses (see			23	Pension and profit-sharing plans	23	
	instructions). Also attach Form 4562	10		24	Rent or lease (see instructions):		
11	Chemicals	11		a	Vehicles, machinery, equipment	24a	PFS Line 17D
12	Conservation expenses (see instructions)	12		b	Other (land, animals, etc.)	24b	
13	Custom hire (machine work)	13		25	Repairs and maintenance	25	
14	Depreciation and section 179 expense			26	Seeds and plants	26	
	(see instructions)	14	PFS Line 17F	27	Storage and warehousing	27	
15	Employee benefit programs other than			28	Supplies	28	
	on line 23	15	PFS Line 17C	29	Taxes	29	
16	Feed	16		30	Utilities	30	
17	Fertilizers and lime	17		31	Veterinary, breeding, and medicine .	31	
18	Freight and trucking	18		32	Other expenses (specify):		
19	Gasoline, fuel, and oil	19		а		32a	
20	Insurance (other than health)	20		b		32b	
21	Interest (see instructions):			c		32c	
a	Mortgage (paid to banks, etc.)	21a		d		32d	
b	Other	21b		е		32e	
22	Labor hired (less employment credits)	22	PFS Line 17A, 17B	f		32f	
33	Total expenses. Add lines 10 through 3	2f. If li	ne 32f is negative, se	e instruc	tions	33	PFS Line 17I
34	Net farm profit or (loss). Subtract line 3	3 fron	n line 9			34	PFS Line 17L
	If a profit, stop here and see instructions	for w	here to report. If a lo	ss, comp	lete lines 35 and 36.		
35	Reserved for future use.						
36	Check the box that describes your invest	tment	in this activity and se	ee instru	ctions for where to report your loss:		
а	All investment is at risk.	b	Some investment is	not at ri	sk.		

- 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?

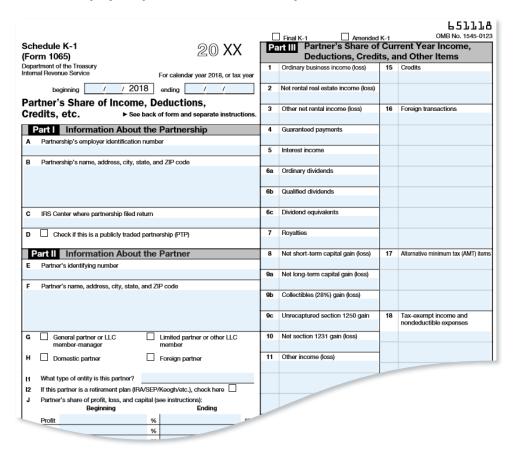
The Schedule K-1 is designed to report a partner's or shareholder's share of the partnership or S Corporation's income, deductions, and credits. It indicates additional information such as the percentage ownership the individual holds and some insight into the individual's share of, and activity with, 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



► K-1 for S-Corporations specify "Form 1120S" in the top left corner

					ותתתום
Sc	thedule K-1	_	Final K-1 Amended Shareholder's Share		OMB No. 1545-0123 Surrent Year Income,
	orm 1120S)	1.4	Deductions, Credits		
lep itei	partment of the Treasury rnal Revenue Service For calendar year 2018, or tax year	1	Ordinary business income (loss)	13	Credits
	beginning / / ending / /	2	Net rental real estate income (loss)		
	nareholder's Share of Income, Deductions,	3	Other net rental income (loss)		
r	redits, etc. See back of form and separate instructions.				
	Part I Information About the Corporation	4	Interest income		
A	Corporation's employer identification number	5a	Ordinary dividends		
В	Corporation's name, address, city, state, and ZIP code	5b	Qualified dividends	14	Foreign transactions
		6	Royalties		
		7	Net short-term capital gain (loss)		
С	IRS Center where corporation filed return	8a	Net long-term capital gain (loss)		
E	Part II Information About the Shareholder	8b	Collectibles (28%) gain (loss)		
D	Shareholder's identifying number	8c	Unrecaptured section 1250 gain		
E	Shareholder's name, address, city, state, and ZIP code	9	Net section 1231 gain (loss)		
		10	Other income (loss)	15	Alternative minimum tax (AMT) items
F	Shareholder's percentage of stock				
	ownership for tax year				

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 <u>not</u> interchangeable.

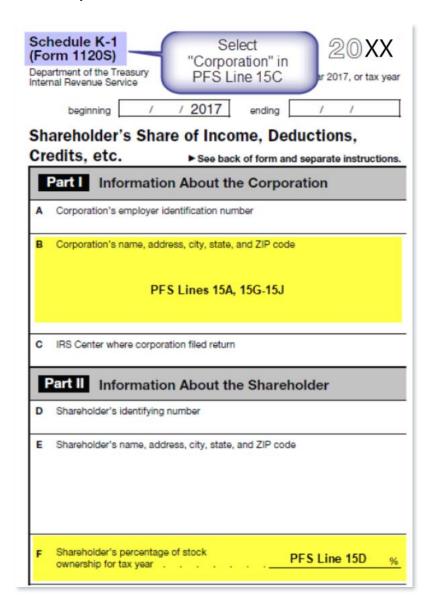
Include all K-1s that you receive for every entity you have an ownership stake in when you submit your tax returns.

Which lines on the Schedule K-1 matter most for completing the PFS?

Schedule K-1 for P	Partnerships		
	Schedule K-1 (Form 1065) Department of the Treat	Select "Partn in PFS Line	
	Internal Revenue Servic		For calendar year 2018, or tax year
	beginning	/ / 2018	ending / /
		re of Income, D	,
,	Credits, etc.		of form and separate instructions.
-		mation About the	
	A Partnership's em	ployer identification numb	KAT
	B Partnership's na	me, address, city, state, a	nd ZIP code
		PFS Line 15A, 1	5G-15J
	C IRS Center when	e partnership filed return	
	D Check if this	is a publicly traded partn	ership (PTP)
İ	Part II Infor	mation About the	Partner
	E Partner's identify	ring number	
	F Partner's name,	address, city, state, and Z	IP code
	G General part member-ma		Limited partner or other LLC member
	H Domestic pa	artner	Foreign partner
	I1 What type of ent	ity is this partner?	
			/Keogh/etc.), check here
		f profit, loss, and capital (Beginning	see instructions): Ending
	Profit	%	%
	Loss	%	
	Capital	%	%

No other information found on the K-1, 1065 needs to be reported on the PFS. The relevant information on Part 2 of the K-1, 1065 gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.

Schedule K-1 for S Corporations



No other information found on the K-1, 1120S needs to be reported on the PFS. The relevant information on Part 3 of the K-1, 1120S gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.

Form 1099-MISC

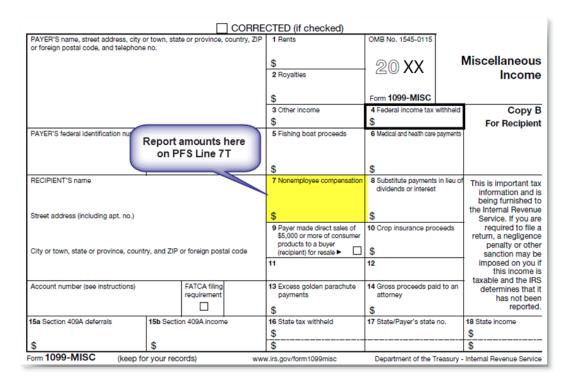
What is Form 1099-MISC for?

The Form 1099-MISC is provided to you by a person or firm for whom you performed work or service by hiring yourself out as a freelancer, contractor, or the like. 1099s can also show other types of income such as royalties, commissions or rents. Basically, it shows income you earned that was not provided to you as someone's employee or from your investments.

Other types of 1099s you might receive:

- 1099-DIV (reports income from dividends, distributions, and capital gains from investments accounts such as stocks, bonds, and mutual funds)
- 1099-INT (tracks interest income you earned from investments such as savings accounts).

What does the Form 1099-MISC look like?



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

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

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

Important Notes

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

Form 1065

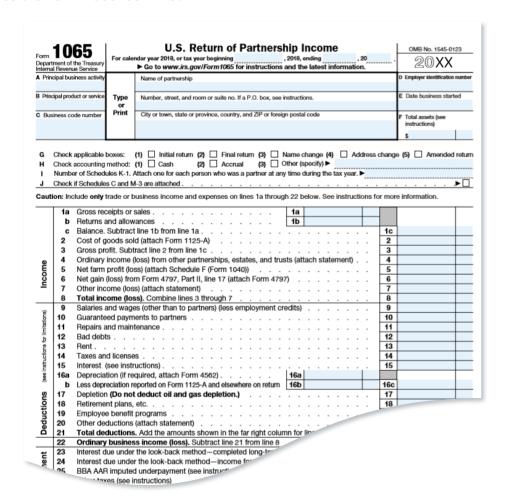
What is Form 1065 for?

Form 1065 is the return filed by entities set up as Partnerships. It details the income, gains, losses, deductions, credits, etc. for the entire operation. A partnerships does not pay taxes on its income but passes any profits or losses to its partners, who in turn include their share of the profits/losses on their individual returns.

Related form:

• Schedule K-1 (Form 1065)

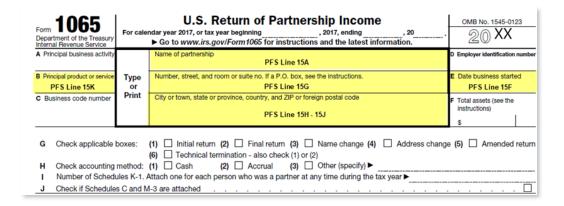
What does the Form 1065 look like?



Which lines on Form 1065 matter most for completing the PFS?

To complete the business information section of the PFS, Partnership partners must report the appropriate total income and expenses for the entire entity. This detail can be found on page 1 of the Form 1065 as shown below:

No information found on pages 2–4 of the Form 1065 is needed to complete the PFS; however, some information on page 5 can be useful in reporting the Partnership's assets and debts, as referenced below.



B Returns and allowances C Balance. Subtract line 1b from line 1a. C Cost of goods sold (attach Form 1125-A) C C C C C C C C C					· · · · · · · · · · · · · · · · · · ·
C Balance. Subtract line 1b from line 1a. 1c 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 Net farm profit (loss) (attach Schedule F (Form 1040)) 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 10 Guaranteed payments to partners 10 PFS Line 17C 11 Repairs and maintenance 11 PFS Line 17C 12 Bad debts 12 PFS Line 17G 13 Rent 12 PFS Line 17G 14 Taxes and licenses 14 PFS Line 17G 15 Interest 15 PFS Line 17G 15 Interest 16a Depreciation (if required, attach Form 4562) 16a Depletion (Do not deduct oil and gas depletion.) 17 PFS Line 17G 19 Employee benefit programs 19 PFS Line 17C 20 PFS Line 17G 20 P		1a	· · · · · · · · · · · · · · · · · · ·		
C Balance. Subtract line 1b from line 1a. 1c 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 III, 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 PFS Line 16D 9 Salaries and wages (other than to partners) (less employment credits) 9 PFS Line 17A 10 Quaranteed payments to partners 10 PFS Line 17C 11 Repairs and maintenance 11 PFS Line 17G 12 Bad debts 12 PFS Line 17G 13 PFS Line 17G 14 Taxes and licenses 14 PFS Line 17G 15 Interest 15 Deptetion (if required, attach Form 4562) 16a Depreciation (if required, attach Form 4562) 16a PFS Line 17G 15 PFS Line 17G 16 PFS Line 17G 16 PFS Line 17G 17 PFS Line 17G 18 Retirement plans, etc. 18 PFS Line 17C 19 Employee benefit programs 19 PFS Line 17C 20 PFS Line 17G 20 Other deductions (attach statement) 20 PFS Line 17G		b	Returns and allowances		
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Total income (loss) (attach statement) 8 Total income (loss). Combine lines 3 through 7 9 Salaries and wages (other than to partners) (less employment credits) 9 PFS Line 17A 10 PFS Line 17A 10 PFS Line 17C 11 Repairs and maintenance. 11 PFS Line 17G 12 Bad debts. 12 PFS Line 17G 13 PFS Line 17G 14 Taxes and licenses. 14 PFS Line 17G 15 Interest. 15 Interest. 16a Depreciation (if required, attach Form 4562). 16b Less depreciation reported on Form 1125-A and elsewhere on return 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc. 19 Employee benefit programs 20 Other deductions (attach statement) 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20.	Ě	5	Net farm profit (loss) (attach Schedule F (Form 1040))	5	PFS Line 16D
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8 Total income (loss). Combine lines 3 through 7 9 Salaries and wages (other than to partners) (less employment credits) 9 PFS Line 17 A 10 Guaranteed payments to partners 11 Repairs and maintenance 12 Bad debts 13 Rent 14 Taxes and licenses 15 Interest 16a Depreciation (if required, attach Form 4562) 16b Less depreciation reported on Form 1125-A and elsewhere on return 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc. 19 PFS Line 17C 19 Employee benefit programs 20 Other deductions (attach statement) 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20.	=	7		7	PFS Line 16D
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10 Guaranteed payments to partners	(SI	9		9	PFS Line 17 A
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Pepletion (Do not deduct oil and gas depletion.) 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc) <u>t</u>	11		11	PF S Line 17G
Per Stine 17C 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc	for	12		12	PF S Line 17G
Pepletion (Do not deduct oil and gas depletion.) 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc	ions	13		13	PF S Line 17D
Pepletion (Do not deduct oil and gas depletion.) 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc	T Total	14		14	PFS Line 17G
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Total deductions. Add the amounts shown in the far right column for lines 9 through 20. 17	(See	b		16c	PFS Line 17F
	18	17	-	17	PFS Line 17G
	<u>.</u>	18	· · · · · · · · · · · · · · · · · · ·	18	PF S Line 17C
	ct	19		19	PF S Line 17C
	ğ	20		20	PFS Line 17G
	Õ	21		21	
22 Ordinary business income (loss). Subtract line 21 from line 8		22	Ordinary business income (loss). Subtract line 21 from line 8	22	

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.

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

Form 1120S

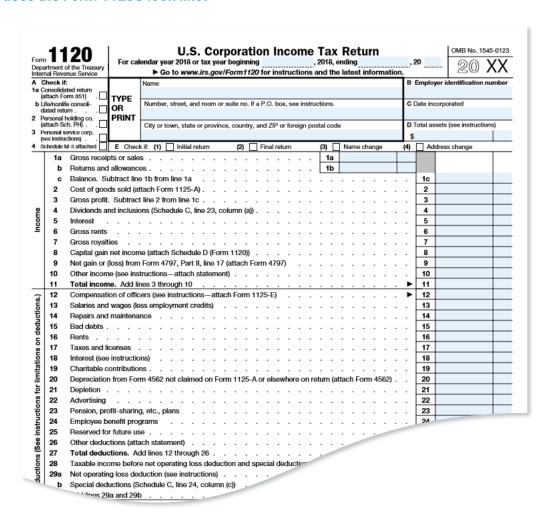
What is Form 1120S for?

Form 1120S is the return filed by entities set up as S Corporations. It details the income, gains, losses, deductions, credits, etc. for the entire operation. S Corporations do not 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?



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

Form 1120S Department of the Treasury Internal Revenue Service	> (J.S. Income Tax Return for an S Corporation ▶ 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.		OMB No. 1545-0123	
For calendar year 2017 of	r tax year	r beginning , 2017, ending		, 20	
A S election effective date	TYPE	Name PFS Line 15A	D Employ	yer identification number	
B Business activity code number (see instructions)	e instructions) OR	Number, street, and room or suite no. If a P.O. box, see instructions. PF S Line 156	E Date incorporated PF S Line 15F		
	PRINT	City or town, state or province, country, and ZIP or foreign postal code	F Total as	sets (see instructions)	
C Check if Sch. M-3 attached		PF S Lines 15H - 15J	s		
G Is the corporation electing	ng to be an	S corporation beginning with this tax year? Yes No If "Yes," attac	ch Form 2	553 if not already filed	
H Check if: (1) Tinal re	etum (2)	☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐	S election	termination or revocation	
I Enter the number of sh	nareholder	s who were shareholders during any part of the tax year		. •	

	1 a	Gross receipts or sales	1a	PFS Line 16A			
	b	Returns and allowances	1b	Do not report on PFS			
Φ	С	Balance. Subtract line 1b from line 1a			. [1c	
ncome	2	Cost of goods sold (attach Form 1125-A)				2	PFS Line 16B
ဍ	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	
(S)	7	Compensation of officers (see instructions—attach Form 1125-E) .			.	7	PFS Line 17C
tion	8	Salaries and wages (less employment credits)				8	PFS Line 17A, 17B
nita	9	Repairs and maintenance				9	PFS Line 17G
·듣	10	Bad debts			. [10	PFS Line 17G
o to	11	Rents			. [11	PFS Line 17D
io	12	Taxes and licenses				12	PFS Line 17G
(see instructions for limitations)	13	Interest			. [13	PFS Line 17G
JStr	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attack	ch Fo	orm 4562)	. [14	PFS Line 17F
е. Э	15	Depletion (Do not deduct oil and gas depletion.)				15	PFS Line 17G
(8	16	Advertising				16	PFS Line 17G
us	17	Pension, profit-sharing, etc., plans				17	PFS Line 17C
i.	18	Employee benefit programs			. [18	PFS Line 17C
걸	19	Other deductions (attach statement)				19	PFS Line 17G
Deductions	20	Total deductions. Add lines 7 through 19			▶ 1	20	
Δ	21	Ordinary business income (loss). Subtract line 20 from line 6				21	

Submit a copy of the 1120S for each S Corporation in which you are a shareholder with your tax form. Ask the corporation's accountant or tax attorney for a copy if one is not already provided to you.

NOTE: No information found on pages 2, 3, or 5 of the Form 1120S is needed to complete the PFS; however, some information on Form 1120S page 4 can be useful in reporting the Corporation's assets and debts, as referenced below:

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year		
Assets		(a)	(b)	(c)	(d)	
1	Cash				PFS Line 18A	
2a	Trade notes and accounts receivable					
b	Less allowance for bad debts	(()	PFS Line 18A	
3	Inventories				PF S Line 18D	
	U.S. government obligations				PFS Line 18F	
	Tax-exempt securities (see instructions)				PFS Line 18F	
	Other current assets (attach statement)				PFS Line 18A	
	Loans to shareholders				PFS Line 18F	
	Mortgage and real estate loans				PF S Line 18F	
	Other investments (attach statement)				PFS Line 18F	
a	Buildings and other depreciable assets			PF S Line 18B		
b	Less accumulated depreciation	((PFS Line 18C)		
a	Depletable assets	/		/		
b	Less accumulated depletion	((PF S Line 180	
	Land (net of any amortization)				PFS Line 18B	
a	Intangible assets (amortizable only)	,		,		
b	Less accumulated amortization	((PF S Line 18F	
	Other assets (attach statement)				PF S Line 18F	
	Total assets					
	Liabilities and Shareholders' Equity				PFS Line 18J	
	Accounts payable				PF S Line 18H	
	Mortgages, notes, bonds payable in less than 1 year					
	Other current liabilities (attach statement) Loans from shareholders				PF S Line 18J	
	Mortgages, notes, bonds payable in 1 year or more		-		PF S Line 18J	
	Other liabilities (attach statement)				PF S Line 18J	
	Capital stock				PF 3 Lille 160	
	Additional paid-in capital					
	Retained earnings					
	Adjustments to shareholders' equity (attach statement)					
	Less cost of treasury stock		((
	Total liabilities and shareholders' equity		<u>'</u>		`	
_	Total national delia dilatorioladio oquity		I.		Form 1120S (2	

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.