

Schedule C - Menu



TaxSlayer Navigation: Federal Section>Income>Form 1099-NEC; or Keyword "SC"



Businesses with inventory, employees, contract labor, depreciation, business use of the home, expenses over \$35,000 or a net loss are Out of Scope.

Schedule C

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Select Income to enter any income for the business that was not reported on Form 1099-NEC, such as cash income or income from a Form 1099-K.

Note: Eligible self-employed individuals are allowed an income tax credit to offset their federal self-employment tax for any taxable year equal to their "qualified sick leave equivalent amount" or "qualified family leave equivalent amount." See Tab H, Other Taxes, Payments, and Refundable Credits for details.

Most business expenses are entered in the General Expenses section.

See Schedule C - Car and Truck Expenses, later in this tab

Select Other expenses to enter any expenses not listed under General Expenses.

Qualified Business Income Deduction - See Tab F

CONTINUE

If the business accepted credit or debit cards in payment or received payments via 3rd party network, it may receive Form 1099-K Payment Card and Third Party Network Transactions (see note below).

Note: Income reported on Form 1099-K is in scope if received for self-employment income (such as shared-economy driving). Make sure the total shown on the 1099-K is included, along with any cash income, on Schedule C income section. A Form 1099-K received for the sale of goods held in inventory or for rental income is Out of Scope (unless certified in Military).



Income from the manufacture, distribution, or trafficking of controlled substances (such as marijuana) is Out of Scope.

Schedule C - Questions About Your Business

Schedule C Questions

CANCEL **CONTINUE**

Questions about your Business

Accounting Method *

Cash

Accrual

Other

Method used to value closing inventory *

Cost

Lower of cost or market

Not Applicable

Check here if there were any changes in determining inventory.

Check here if this is the first Sch. C filed by you for this business.

Check here if you "materially participated" in the operation of this business during the tax year.

This box must be checked to allow a net loss on your return.

Prior year unallowed loss (ONLY enter an amount if current year's activity is a net profit.)

\$

Check here if you made any payments in 2020 that would require you to file Form(s) 1099.

Check here for Qualified Joint Venture. (Ownership between Taxpayer and Spouse must be 50/50. **If you are filing Business Use of Home deductions or using the Clergy Worksheet, you will need to file separate Schedule C forms, one for each spouse**)

Check here to Prorate Expenses for Minister/Clergy.

To be in scope, the Accounting Method must be Cash Method and there can be no inventory, no cost of goods sold, no employees, no business use of the home, and no depreciation (completing Form 4562, Depreciation and Amortization).

Select Not Applicable for the Inventory Method.

In most cases, the taxpayers do materially participate in the business. This means that the taxpayer ran the business and did the work.

If the taxpayer has a business loss carried over from another tax year or is required to file a Form 1099, the tax return is Out of Scope.

Schedule C - General Expenses



TaxSlayer Navigation: Federal Section>Income>Profit or Loss from a Business>General Expenses; or Keyword "SC"

Note: All allowable and documented expenses must be reported on Sch C. If any deductible expenses are Out of Scope, the entire return is Out of Scope and taxpayer should be referred to professional preparer. There is no option to disregard allowable expenses.

Note: The following expenses are Out of Scope: Contract Labor, Depletion, Employee benefit program, Mortgage interest, Pension and profit sharing, and Wages. Health Insurance is in scope for Self-Employed Health Insurance deduction only.

Schedule C - Expenses

CANCEL
CONTINUE

| | | | | |
|---|-------------------------|--|--|--|
| Advertising | \$ <input type="text"/> | | | |
| Contract Labor Out of Scope | \$ <input type="text"/> | | | |
| Commission and fees | \$ <input type="text"/> | | | |
| Depletion Out of Scope | \$ <input type="text"/> | | | |
| Employee benefit programs Out of Scope | \$ <input type="text"/> | | | |
| Health Insurance <small>(will carry automatically to worksheet)</small> | \$ <input type="text"/> | | | |
| Insurance <small>(other than health)</small> | \$ <input type="text"/> | | | |
| Long-Term Care Insurance to be Carried to Adjustment | \$ <input type="text"/> | | | |
| Mortgage interest Out of Scope | \$ <input type="text"/> | | | |
| Other interest | \$ <input type="text"/> | | | |
| Legal and professional services | \$ <input type="text"/> | | | |
| Office expense | \$ <input type="text"/> | | | |
| Pension and profit sharing Out of Scope | \$ <input type="text"/> | | | |
| Rent or lease of equipment | \$ <input type="text"/> | | | |
| Rent or lease of property | \$ <input type="text"/> | | | |
| Repairs and maintenance | \$ <input type="text"/> | | | |

Note: Taxpayers may exclude from gross income any covered Paycheck Protection Plan (PPP) loan forgiveness.
For additional information, refer to [IRS Revenue Procedure 2021-20](#).

Note: Use the TaxSlayer Schedule C entry screen Health Insurance box for this Self-Employed Health Insurance Deduction. See Tab E, Adjustments, for information about the self-employed health insurance deduction. Calculations with Premium Tax Credit are Out of Scope with respect to the self-employed health insurance deduction.

Do not enter allowable LTC premiums here. Enter on the Health Insurance line.

In 2021, businesses can claim 100% of their food or beverage expenses paid to restaurants. See [Notice 2021-25](#) for details.

To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary. Taxpayers can deduct the cost of their own education expenses (including certain related travel) related to the trade or business. They must be able to show the education maintains or improves skills required in their trade or business, or that it is required by law or regulations for keeping their license to practice, status, or job.

Note: Car and truck expenses aren't entered on this page. Those expenses are entered on a separate page.

Note: Rentals or leases of equipment (including vehicles) for more than 30 days are Out of Scope. If the taxpayer uses the standard mileage rate method for business miles of a leased vehicle, the return remains in scope.



Expenses that aren't deductible include bribes and kickbacks; charitable contributions; demolition expenses or losses; and dues paid to business, social, athletic, luncheon, sporting, airline, and hotel clubs.

Schedule C - Car and Truck Expenses



TaxSlayer Navigation: Federal Section>Income>Profit or Loss from a Business>Car and Truck Expenses; or Keyword "SC"

Schedule C Car and Truck Expenses

Car and Truck Expenses

Please Note: Actual car or truck expenses must be entered in the depreciation menu for this business. You cannot claim both actual expenses and mileage for the same vehicle.

Description of Vehicle *

Date you placed your vehicle in service for business purposes *

Of the total number of miles you drove your vehicle during the tax year, enter the number of miles you used your vehicle for each of the following.

Business miles * Commuting Other

Check if you have (or your spouse has) another vehicle available for personal use.
 Check if your vehicle was available for personal use during off-duty hours.
 Check if you have evidence to support your deduction.
 If yes, check if the evidence is written.

Business miles: Miles related to the business activity that aren't commuting miles. For-hire drivers who have mileage in between customer pick-ups can claim the mileage as a business expense.

Commuting miles: Miles driven each day from home to the first business location and driven from the last business location back home.

Note: The total of Business, Commuting and Other miles should add up to the total miles on the vehicle for the year.

Other: Miles driven for personal purposes.

Using actual expense deductions, such as gas, repairs, and depreciation, is Out of Scope.



Refer to Publication 463, Travel, Entertainment, Gift, and Car Expenses, for help determining deductible business mileage and nondeductible commuting mileage.

Note: The car and truck expense deduction will automatically be calculated using the standard mileage rate, based on the number of business miles entered. The rate is 56 cents per mile for tax year 2021. In addition, the taxpayer can deduct the cost of business parking and tolls. Commuting and other personal automobile expenses such as depreciation, lease payments, maintenance and repairs, gasoline (including gasoline taxes), oil, insurance, parking tickets, traffic fines, or vehicle registration fees are not deductible.

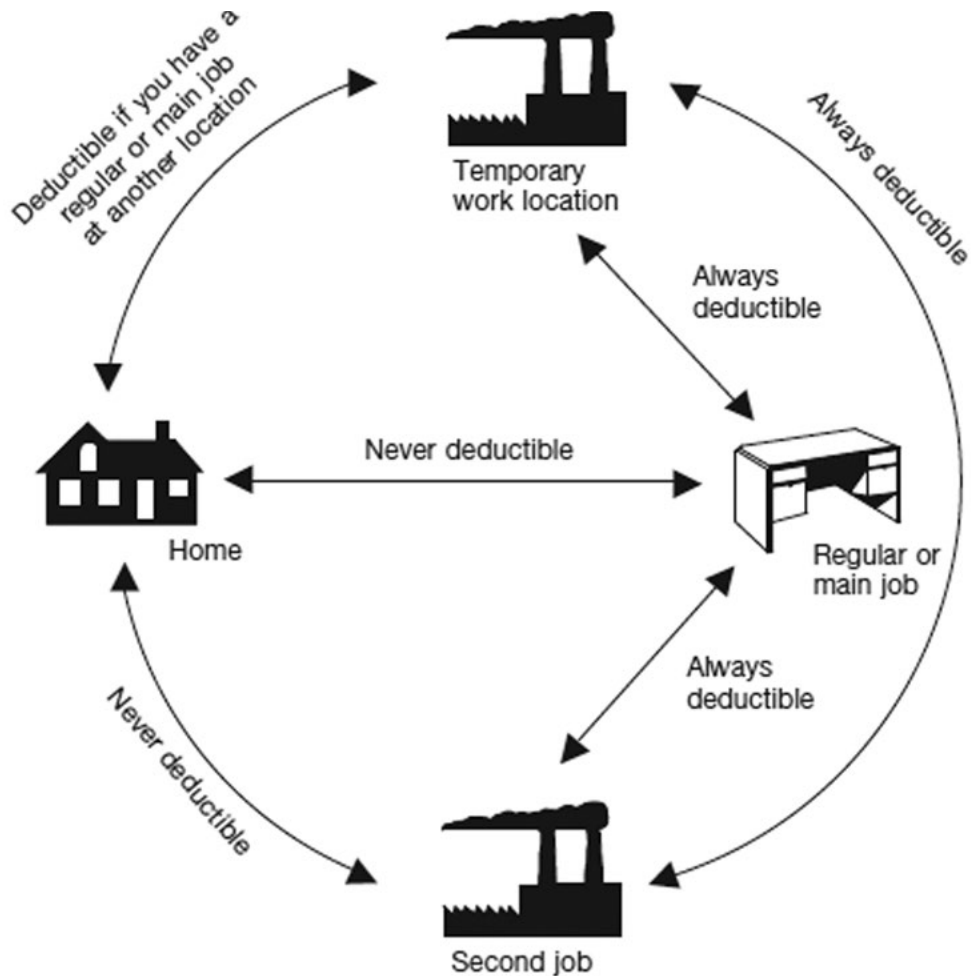
Note: If you are self-employed and use your vehicle in your business, you can deduct the business part of state and local personal property taxes on motor vehicles on Schedule C. Enter this on the Taxes line on the Schedule C Expenses screen. If you are self-employed and use your vehicle in your business, you can deduct that part of the interest expense that represents your business use of the vehicle. You cannot deduct the part of the interest expense that represents your personal use of the vehicle. Enter the deductible amount on the Other Interest line on the Schedule C Expenses screen.

Note: If you are an employee, you cannot deduct any interest paid on a vehicle loan. This applies even if you use the vehicle 100% for business as an employee.

Note: The standard mileage deduction includes depreciation, gas/oil, repairs, insurance, and nontax portion of registration, but not parking, tolls, or business part of registration tax. Taxpayer should have a written record (log or appointment book).

Schedule C - Car and Truck Expenses (continued)

Self-employed taxpayers can use this chart. Don't use this chart if your home is your principal place of business (Out of Scope). This chart can also be used for Armed Forces reservists (Military Certification only), fee-based state or local government officials, and employees with impairment-related work expenses. Employees who do not fit into one of the listed categories may not use this chart.



Home: The place where you reside. Transportation expenses between your home and your main or regular place of work are personal commuting expenses.

Regular or main job: Your principal place of business. If you have more than one job, you must determine which one is your regular or main job. Consider the time you spend at each, the activity you have at each, and the income you earn at each.

Temporary work location: A place where your work assignment is realistically expected to last (and does in fact last) one year or less. Unless you have a regular place of business, you can only deduct your transportation expenses to a temporary work location outside your metropolitan area.

Second job: If you regularly work at two or more places in one day, whether or not for the same employer, you can deduct your transportation expenses of getting from one workplace to another. If you do not go directly from your first job to your second job, you can deduct the transportation expenses of going directly from your first job to your second job. You cannot deduct your transportation expenses between your home and second job on a day off from your main job.