

# Schedule C Profit or Loss from Business - Due Diligence Worksheet

Keep for your records



## Section I.

Name \_\_\_\_\_ SSN/EIN \_\_\_\_\_

1. Provide a description of your occupation

- A. Type of work \_\_\_\_\_
- B. Product sold \_\_\_\_\_
- C. Service provided \_\_\_\_\_
- D. Hours of operation \_\_\_\_\_
- E. Where is business conducted \_\_\_\_\_
- F. Did your *business/occupation* produce a profit last year? Y/N  
If **No**, can you provide your previously filed tax return containing your business loss?\* Y/N

**\*According to the IRS regulations concerning the QBID deduction, your current year QBID deduction may be adjusted depending on your previously filed tax return. We are required to ask these specific questions to correctly file this year's tax return.**

2. Did you receive Form(s) 1099NEC or 1099K for the income reported? Y/N

- A. If, you did NOT receive Form(s) 1099NEC/1099K, can you provide proof of income, if requested Y/N
- B. If question 2 is NO, please explain business income received.

Customer Description	Charge/Rate	Visits/Days	Total Charge

3. Is a license a requirement of your occupation? Y/N

- A. Do you have a business license? Y/N

4. What type of records do you maintain to verify business income and expenses? (Federal regs. require you to keep adequate records)

Check all that apply

- Accounting Records
- Computer Records
- Paid Invoices/Receipts
- Business Stationery
- Advertising
- Business Bank Accounts
- Log Books
- Insurance
- Others (please specify)

5. Do you have any expenses? Y/N

- A. If NO, please explain. \_\_\_\_\_  
\_\_\_\_\_

6. Do you have business mileage? Y/N

- A. If YES, do you have a mileage log? Y/N
- B. If 6A is NO, complete the mileage log below.

Date	Description	From	To	Mileage	Trips	Total Miles

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7. Check only one option from below

- A. Taxpayer did NOT provide documentation to support his/her deduction (must complete Section II).  
 B. Taxpayer DID provide documentation to support his/her deduction (keep a copy in your file).  
*Skip Section II, and complete Section III.*

## Section II.

If Line 7, option A is checked, then this section MUST be completed during the interview with the taxpayer.

Income		
1.	Gross Receipts (1099NEC, 1099K, cash received, etc.)	\$
Cost of Goods Sold		
35.	Inventory at beginning of year	\$
36.	Purchases less cost of items withdrawn for personal use	\$
37.	Cost of labor. <i>Do not include any amounts paid to yourself</i>	\$
38.	Materials and supplies	\$
39.	Other costs	\$
40.	<b>Add lines B through F</b>	\$
41.	Inventory at end of year	\$
42.	Cost of goods sold (subtract line 41 from line 40)	\$
7.	<b>Gross Income (subtract line 42 from 1)</b>	\$
Expenses		
8.	Advertising	\$
9.	Car and truck expense	\$
11.	Contract labor (if over \$600, 1099NEC(s) must be issued)	\$
15.	Insurance (other than health)	\$
24b.	Meals/Per Diem (multiply # of days away overnight by IRS per diem rate)	\$
44a.	Mileage (multiply miles by IRS mileage rate)	\$
17.	Professional fees	\$
18.	Office expense	\$
20.	Rent	\$
21.	Repairs & maintenance	\$
22.	Supplies	\$
23.	Taxes & licenses	\$
24a.	Travel	\$
25.	Utilities	\$
26.	Wages	\$
27a.	Other expenses (be specific)	\$
27b.		\$
27c.		\$
27d.		\$
28.	<b>Total Expenses (add lines 8 through 27d)</b>	\$
31.	<b>NET Profit/Loss (subtract line 28 from line 7)*</b>	\$

\*Amount must be equal to Line 31 of the Schedule C

In order to comply with the IRS guidelines in Circular 230, tax preparers may reasonably reconstruct a taxpayer's income & expenses for the tax year. By signing below, I agree that the information provided is neither inconsistent, incorrect, or incomplete.

Taxpayer's Signature

Date

Preparer's Signature

Date