Example Case:

Facts

John Stevens owns and runs his own company called Stephens Tax Service. John has kept track of all his income and expenses related to his business throughout 2009. Below is an income statement with this information. Take each item from the income statement and place it in the correct box on the Schedule C. The Schedule C is used to claim profit or loss from a Sole Proprietorship business.

**STEPHENS TAX SERVICE**

**INCOME STATEMENT**

|  |  |  |  |
| --- | --- | --- | --- |
| FOR THE YEAR ENDED DECEMBER 31, 2009 |   |   |   |
| REVENUES: |  |  |  |  |  |  |
|  | Service Fees |  |  |  |  |  34,280  |
|  |  |  |  | Total revenues |  |  34,280  |
| OPERATING EXPENSES: |  |  |  |  |  |
|  | Payment to John Stephens |  |  |  |  22,000 |
|  | Professional services |  |  |  |  350  |
|  | Interest |  |  |  |  |  |  200  |
|  | Car expenses |  |  |  |  |  1,266  |
|  | Advertising and promotion |  |  |  |  250  |
|  | Travel |  |  |  |  |  |  310  |
|  | Meals and entertainment |  |  |  |  512  |
|  | Office expense |  |  |  |  |  600  |
|  | Insurance |  |  |  |  |  750  |
|  | Supplies Expense |  |  |  |  |  253  |
|  | Utilities |  |  |  |  |  |  347  |
|  | Miscellaneous |  |  |  |  |  267  |
|  |  |  |  | Total expenses |  |  27,105  |
|  |  |  |  | Net Income |  |  7,175  |

To find a tax form, such as the Schedule C, simply go to the IRS website ( [www.irs.gov](http://www.irs.gov) ) and click on “Forms and Publications”. From here, you can choose whether you want to download a form or view the form online. There are also instructions on how to fill out each tax form.