

Sole Proprietorship Tax Organizer

Use a separate organizer for each business

Sole Proprietor General Information

Name of sole proprietor		
Business name (if different)		EIN (if applicable)
Business address (if different from home address)		
Principal business activity		Date business started
Principal product or service		
Yes	No	Was the primary purpose of the business activity to realize a profit?
Yes	No	Did you materially participate in the operation of this business?
Yes	No	Has the business reported any losses in prior years?
Accounting method: Cash Accrual Other (specify)		
Yes	No	Does the business file under a calendar year? (If no, list the fiscal year.)

Sole Proprietor Specific Questions

Yes	No	Did you pay any family members for services?
Yes	No	Did you make any payments of \$600 or more to subcontractors, attorneys, accountants, directors, etc.?
Yes	No	If Yes, did you issue Form 1099-NEC? List name and social security number (SSN) for each person to whom you paid \$600 or more.
		Name
		SSN
		Name
		SSN
Yes	No	Did you make, or do you plan to make, any contributions to a self-employed retirement plan?
		Type of plan
		Amount contributed
		\$
Yes	No	Did you pay for your own health/dental insurance? If Yes, provide amount of premiums paid during the year.
		\$
Yes	No	Did you have any employees?
Yes	No	Did you have any bartering transactions in 2021?

Sole Proprietor Business Income

Gross receipts or sales (if you received Forms 1099-NEC, list name of payer and amount separately from gross receipts or sales)		\$
Form 1099-NEC	\$	Form 1099-K
Total of all Forms 1099-NEC and 1099-K received		\$
Returns and allowances		\$()
Other income (not included in gross receipts above)		\$

Form 1099-NEC. You may receive Form 1099-NEC (instead of Form W-2) if you are not classified as an employee. If you receive Form 1099-NEC, you are generally required to file Schedule C, Profit or Loss From Business, claim any expenses associated with the income received, and must pay self-employment (SE) tax on the income.

Sole Proprietor Cost of Goods Sold

(for manufacturers, wholesalers, and businesses that make, buy, or sell goods)

COVID-19 Related

Inventory at the beginning of the year	\$	Yes	No	Did the business receive a Paycheck Protection Program loan?
Purchases	\$	Yes	No	Did you receive an Economic Injury Disaster Loan or Emergency Advance through the SBA?
Cost of labor	\$	Yes	No	Did you delay payment of employer payroll taxes?
Materials and supplies	\$	Yes	No	Were you eligible to receive a tax credit for sick leave due to COVID-19?
Inventory at the end of the year	\$	Yes	No	Were you eligible to receive a tax credit for paid family leave due to COVID-19?
		Yes	No	Did you receive a payroll tax credit for a business suspension or slowdown?

Sole Proprietor Business Expenses

Advertising	\$	Interest - mortgage	\$	Rent or lease - other business property	\$
Bad debts	\$	Interest - other	\$	Repairs and maintenance	\$
Bank charges	\$	Internet service	\$	Supplies (not included in inventory cost)	\$
Business licenses	\$	Legal and professional services	\$	Taxes - payroll ¹	\$
Commissions and fees	\$	Management fees	\$	Taxes - property	\$
Contract labor ¹	\$	Meals for business in restaurants (100% deduct.)	\$	Taxes - sales	\$
Employee benefit programs	\$	Meals - other business meals (50% deduct.)	\$	Taxes - state	\$
Employee health care plans	\$	Office supplies	\$	Telephone	\$
Entertainment ²	\$	Start-up costs (first year of business)	\$	Utilities	\$
Gifts	\$	Pension and profit sharing plans	\$	Wages ¹	\$
Insurance (other than health insurance)	\$	Rent or lease - car, machinery, equipment	\$	Other	\$

¹ Provide copies of Form W-3, Form 940, Form 941, Form 1096, Form 1099-NEC, Form 1099-MISC, and any state tax forms filed.

² Entertainment is no longer deductible for taxes.

Equipment Sold or Disposed of During Year

Asset	Date out of service	Date sold	Selling price/FMV	Trade-in?
			\$	
			\$	
			\$	
			\$	

Disposition of Property. A disposition of property occurs when you sell property for cash or other property, you exchange property for other property, you transfer property to satisfy a debt, you abandon property, your bank forecloses or repossesses your property, or your property is damaged, destroyed, or stolen and you receive property or money in payment.

Business Use of the Home

Area of home must be exclusively used for business except for storage or day care. **Note:** Managing rental activities or investments does not qualify for business use of the home.

All Taxpayers

All Taxpayers		For Day Care Only	
A) Business use area (square footage)		1) Hours used for day care	
B) Total area of home (square footage)		2) Total hours in year	8,760 hrs.

Enter below only the expenses paid during the period the home was used for business.

Direct expenses benefit only the business use portion of the home. This includes painting or repairs exclusively for the business area.

Indirect expenses are for keeping up and running the entire home, such as mortgage interest and property taxes.

If you bought or sold your home during 2021, copy this worksheet and fill out one for each home.

	Direct	Indirect		Direct	Indirect
Mortgage interest	\$	\$	Repairs and maintenance	\$	\$
Property taxes	\$	\$	Utilities	\$	\$
Insurance	\$	\$	Other	\$	\$
Rent	\$	\$	Other	\$	\$

Depreciation of the Home

Lower of cost or fair market value of home	\$	Improvements?	Yes	No
Value of land	\$	Casualty losses in 2021?	Yes	No

1) Exclusive Use Test—Business Use of Home

The exclusive use test is met if an area of the home is used only for business. The area can be a room or other separately identifiable space. The space does not need to be marked off by a permanent partition. This test is not met if you use the area both for business and for personal purposes, such as a den used for business during the day and TV viewing during the evening.

The exclusive use test is not required for:

- An area used on a regular basis for storage of inventory or product samples.
- A home used as a day care facility.

Storage of inventory or product samples—exception to exclusive use test. If you use part of a home for business to store inventory or product samples, you are not required to meet the exclusive use test. However, you must meet all the following tests.

- You are in the business of selling products at wholesale or retail.
- The inventory or product samples are kept in the home for use in the business.
- You home is the only fixed location of the business.
- The storage space is used on a regular basis.
- The storage space is a separately identifiable space suitable for storage.

2) Regular Use Test—Business Use of Home

The regular use test means you must use a specific area of the home for business on a regular basis. Incidental or occasional business use is not regular use. All facts and circumstances are considered in determining whether the business use is regular.

3) Trade or Business Use Test—Business Use of Home

To satisfy the trade or business use test, the portion of the home used for business must be used in connection with a trade or business. If the business use is for a profit-seeking activity that is not a trade or business, the deduction is not allowed.

4) Principal Place of Business Test—Business Use of Home

A trade or business can have more than one location. To qualify for a business use of home deduction, the home must be the principal place of business for that trade or business. To make this determination, the following are considered.

- The relative importance of the activities performed at each place where business is conducted, and
- The amount of time spent at each place where business is conducted.

A home office qualifies under this test if:

- The home office is used exclusively and regularly for administrative or management activities of the trade or business.
- There is no other fixed location where substantial administrative or management activities are conducted.

Self-Employment (SE) Tax

• SE tax is a Social Security and Medicare tax primarily for individuals who are self-employed. It is similar to the Social Security and Medicare tax withheld from the pay of most wage earners. Your payments of SE tax contribute to your coverage under the Social Security system. Social Security coverage provides you with retirement benefits, disability benefits, survivor benefits, and hospital insurance (Medicare) benefits.

- You must pay SE tax if your net earnings from self-employment were \$400 or more, or you had church employee income of \$108.28 or more. The SE tax rules apply no matter how old you are and even if you are already receiving Social Security or Medicare benefits.
- The SE tax rate on net earnings is 15.3% (12.4% for Social Security plus 2.9% for Medicare). Only the first \$142,800 (2021) of combined wages, tips, and net earnings is subject to the 12.4% Social Security part of SE tax.