

**SCHEDULE C**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**  
**(Sole Proprietorship)**

► Go to [www.irs.gov/ScheduleC](http://www.irs.gov/ScheduleC) for instructions and the latest information.  
► Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

OMB No. 1545-0074

**2021**

Attachment  
Sequence No. **09**

Name of proprietor



C Business na

# 10 Tax Strategies for Schedule C Taxpayers: What How Where-- See Links Below

Social security number (SSN)

B Enter code from instructions

D Employer ID number (EIN) (see instr.)

E Business address (including suite or room no.) ►  
City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses ☐ Yes ☐ No

H If you started or acquired this business during 2021, check here ☐

I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions ☐ Yes ☐ No

J If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No

## Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. <input type="checkbox"/>	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	
5	<b>Gross profit.</b> Subtract line 4 from line 3	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	<b>Gross income.</b> Add lines 5 and 6	7	

## Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	<b>Car and truck expenses</b> (see instructions)	9	<b>Strategy #7</b>	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	<b>Other business property</b>	20b	<b>Strategy #4</b>
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	21	
14	<b>Employee benefit programs</b> (other than on line 19)	14	<b>Strategy #1, Strategy #3 Strategy #6, Strategy #10</b>	22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	<b>Travel</b>	24a	<b>Strategy #8, Strategy #9</b>
b	Other	16b		b	Deductible meals (see instructions)	24b	
17	Legal and professional services	17		25	Utilities	25	
28	<b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a	28		26	<b>Wages (less employment credits)</b>	26	<b>Strategy #2</b>
29	Tentative profit or (loss). Subtract line 28 from line 7	29		27a	Other expenses (from line 48)	27a	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. <b>Simplified method filers only:</b> Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____ Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	<b>Strategy #5</b>	b	<b>Reserved for future use</b>	27b	
31	<b>Net profit or (loss).</b> Subtract line 30 from line 29. • If a profit, enter on both <b>Schedule 1 (Form 1040), line 3</b> , and on <b>Schedule SE, line 2</b> . (If you checked the box on line 1, see instructions). Estates and trusts, enter on <b>Form 1041, line 3</b> . • If a loss, you <b>must</b> go to line 32.	31					
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 <b>Schedule 1 (Form 1040), line 3</b> , and on <b>Schedule SE, line 2</b> . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on <b>Form 1041, line 3</b> . • If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.			32a	<input type="checkbox"/> All investment is at risk.		
				32b	<input type="checkbox"/> Some investment is not at risk.		

**Part III Cost of Goods Sold** (see instructions)

<b>33</b>	Method(s) used to value closing inventory: <b>a</b> <input type="checkbox"/> Cost <b>b</b> <input type="checkbox"/> Lower of cost or market <b>c</b> <input type="checkbox"/> Other (attach explanation)
<b>34</b>	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>35</b>	Inventory at beginning of year. If different from last year's closing inventory, attach explanation . . . . . <b>35</b>
<b>36</b>	Purchases less cost of items withdrawn for personal use . . . . . <b>36</b>
<b>37</b>	Cost of labor. Do not include any amounts paid to yourself . . . . . <b>37</b>
<b>38</b>	Materials and supplies . . . . . <b>38</b>
<b>39</b>	Other costs . . . . . <b>39</b>
<b>40</b>	Add lines 35 through 39 . . . . . <b>40</b>
<b>41</b>	Inventory at end of year . . . . . <b>41</b>
<b>42</b>	<b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on line 4 . . . . . <b>42</b>

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

<b>43</b>	When did you place your vehicle in service for business purposes? (month/day/year)    ▶ ...../...../.....
<b>44</b>	Of the total number of miles you drove your vehicle during 2021, enter the number of miles you used your vehicle for: <b>a</b> Business..... <b>b</b> Commuting (see instructions)..... <b>c</b> Other .....
<b>45</b>	Was your vehicle available for personal use during off-duty hours? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>46</b>	Do you (or your spouse) have another vehicle available for personal use?. . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>47a</b>	Do you have evidence to support your deduction? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>b</b>	If "Yes," is the evidence written? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>

**Part V Other Expenses.** List below business expenses not included on lines 8–26 or line 30.

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<b>48</b>	<b>Total other expenses.</b> Enter here and on line 27a . . . . . <b>48</b>

Tax Strategy	How It Works	Article with Live Link
<p><b>Strategy #1</b></p> <p><b>Deduct Your Health Insurance Premiums with a Section 105 Plan</b></p>	<p>If you hire your spouse as an employee in your business, you may reimburse the employee-spouse for family medical expenses, turning those reimbursements into business expenses that are deductible as employee welfare benefits. You cover your employee-spouse with family coverage, and that's how you, the employer-spouse, get your coverage.</p>	<p><a href="#">Blueprint for Employee-Spouse 105-HRA (Health Reimbursement Arrangement)</a></p>
<p><b>Strategy #2</b></p> <p><b>Employ Your Child</b></p>	<p>When you hire your child, you shift taxable income from a higher tax bracket to a smaller, or even zero, tax bracket. Schedule C taxpayers are also exempt from FICA when they employ their children who are under age 18. Additionally, each child can earn up to the standard deduction amount without paying any federal income taxes.</p>	<p><a href="#">Hire Your Kids to Work in Your LLC or Sole Proprietorship and Put a Huge Chunk of Their Pay Back in Your Pocket</a></p>
<p><b>Strategy #3</b></p> <p><b>Employ Your Spouse</b></p>	<p>Instead of paying your spouse wages on a W-2, you can reimburse his or her medical expenses. This not only reduces your FICA tax expense, but also allows you to use medical expenses as a deduction against your business income.</p>	<p><a href="#">Legal Structure to Save Taxes for Husband-and-Wife Business</a></p>
<p><b>Strategy #4</b></p> <p><b>Rent from Your Spouse</b></p>	<p>If you own an office building or other assets, a rental arrangement with your spouse could significantly cut your self-employment taxes by enabling you to move income from Schedule C onto Schedule E. Schedule E, unlike Schedule C, does not give rise to self-employment taxes.</p>	<p><a href="#">Reduce Self-Employment Taxes by Renting from Your Spouse</a></p>
<p><b>Strategy #5</b></p> <p><b>Home Office Expenses</b></p>	<p>The home office deduction allows you to convert a portion of your nondeductible personal expenses, such as utilities and insurance, into deductible business expenses and to depreciate a portion of your home as business property.</p> <p>Having another office outside the home does not preclude you from claiming the home office. In fact, if the home office is the principal place of business, the mileage driven between the offices transforms from nondeductible commuting miles to deductible business mileage.</p>	<p><a href="#">Test Your Tax IQ: Home-Office Tax Deduction with Regular Office</a></p>

<p><b>Strategy #6</b></p> <p><i>De Minimis Fringe Benefits</i></p>	<p>Under the de minimis fringe benefit rules, your business deducts the cost of flowers, fruit, books, and similar items given to you or your employees under special circumstances. The recipients (both you and your employees) receive these fringe benefits tax-free.</p>	<p>Flowers, Fruit, Books: Tax-Free Fringe Benefits You Have to Like</p>
<p><b>Strategy #7</b></p> <p>Vehicle Expenses</p>	<p>There are major tax savings with the heavy vehicle and home office combo. The heavy vehicle produces quick deductions. And a home office that qualifies as a principal office eliminates commuting miles, which can dramatically increase a vehicle's business-use percentage.</p>	<p>Heavy Vehicle + Deductible Home Office = Major Tax Savings</p>
<p><b>Strategy #8</b></p> <p>Domestic Travel Expenses</p>	<p>If you travel to a destination within the United States for business purposes, and you spend the majority of your trip days on business, you deduct 100 percent of your direct-route transportation expenses. You may deduct meals and lodging for business days as well.</p>	<p>Five Rules for Turning Your Vacation—Even a Luxurious One—into Tax-Deductible Business Travel</p>
<p><b>Strategy #9</b></p> <p>Foreign Travel Expenses</p>	<p>If you travel outside of the United States for business purposes for fewer than seven days, you may deduct 100 percent of your transportation costs of getting to and from your foreign business destination – even if you work only one day. You may deduct meals and lodging for business days as well.</p>	<p>How to Travel to Exotic Locations Using the Seven-Day Travel Rule</p>
<p><b>Strategy #10</b></p> <p>Cell Phone Expenses</p>	<p>When a sole proprietor provides an employee with a smartphone or similar telecommunications equipment primarily for non-compensatory business reasons, it is considered a working condition fringe benefit that is excludable from income. The business can reimburse the employee for the full cost of the phone expenses (including the personal use) and deduct this amount on Schedule C. The reimbursement is tax-free income to the employee.</p> <p>As a sole proprietor, you may deduct the business use percentage of your smartphone expenses and depreciate or expense the cost of the device itself.</p>	<p>Create Tax-Free Fringe Benefit Deductions for Your Smartphone</p>