

TAX PRIMER FOR PARENTS

COMPLETING A 2018-19 PFS

Use this primer to get an understanding of which few tax forms will be most helpful to you as you complete your PFS.

This primer doesn't provide an overview of every possible tax form you might receive or need to file with IRS. Instead, it focuses on just four forms families will need to have on hand to complete the PFS accurately and correctly, as well one form that schools might ask you to submit. The forms this primer covers are:

- [Form W2](#)
- [Form 1040](#)
- [Schedule C](#)
- [Form 1099-MISC](#)
- [Form 4506-T](#)

For each of these forms, the primer will answer three questions:

1. What is the form used for?
2. What does the form look like?
3. Which lines on this form matter most for completing the PFS?

Important Note

Be sure to send all of your tax forms as required by each school you're applying to. Do not limit what you submit to schools to the few documents covered in this primer. If a school requires your tax forms and schedules, be sure to send or upload the full set of tax forms that you submit to the IRS when filing your tax return. Doing so ensures that you complete the schools' document requirements correctly, avoiding possible delays in the process.

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Form W2

What Is It For?

The W-2 is an annual statement of your earnings for the calendar year, provided by your employer. It also displays how much was withheld from your pay for taxes, Social Security, and Medicare. This is where you can also see how much of your income was put into certain types of pre-tax retirement plans.

What Does the Form W2 Look Like?

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9 Verification code		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a	
		13 Statutory employee Retirement plan Third-party sick pay		12b	
				12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Report this on PFS Line 7A or 7B

Report this on PFS Line 8D, if a code D, E, F, G, or H appears

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2017

Department of the Treasury—Internal Revenue Service

Which Lines Matter for the PFS?

Report the salary in Box 1 of your W2 on line 7A of the PFS for the parent listed as "Parent A." Use 7B for the parent listed as "Parent B."

Look at Box 12. If any amounts appear in this section with a code D-H, be sure to report that amount as "Payments to tax-deferred retirement plans" in PFS line 8D of the Nontaxable Income Worksheet. You do not have to report any other information from the W2 on the PFS.

It is possible that one or more schools you're applying to might ask you to supply other information from the W2.

You'll most likely be required to submit or upload a copy of each W2 you receive as part of your financial aid application.

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Form 1040

What Is It For?

The 1040 is used to report your sources of incomes, as well as any adjustments, deductions, and credits against your income that will determine how much and what types of federal taxes you should have paid for the tax year. If you've paid too much in taxes, it will show how much of a refund from the federal government you are entitled to receive. If you've paid too little in taxes, it will show how much more you need to pay.

Related forms are:

- 1040A (used by taxpayers with \$100,000 of income or less who don't own businesses and don't claim itemized deductions)
- 1040EZ (used by filers with no dependents and no itemized deductions, and with income under \$100,000 all of which was earned as wages, salaries, and tips)

What Does the Form 1040 Look Like?

The 1040 is a two-page document comprised of several sections. Let's look at the form in sections:

1040 Section: Household Information

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2016	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning _____, 2016, ending _____, 20		See separate instructions.		
Your first name and initial	Last name	Your social security number		
If a joint return, spouse's first name and initial	Last name	Spouse's social security number		
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town, or village, and state. If you have a foreign address, also complete spaces below (see instructions).		Presidential Election Campaign		
Foreign	Foreign province/state/country	Foreign postal code	Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Filing Status	1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child			
Exemptions	6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a b <input type="checkbox"/> Spouse			Boxes checked on 6a and 6b No. of children on 6c who:
	c Dependents:		(2) Dependent's	(3) Dependent's
	(1) First name	Last name	relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>				
	d Total number of exemptions claimed			Report this on PFS Line 6C Dependents on 6c not entered above Add numbers on lines above ▶ <input type="text"/>

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Which Lines Matter for the PFS?

Be sure your tax filing status on PFS Line 6B matches what is checked off on boxes 1-5 on your 1040. An incorrect choice on the PFS can cause a miscalculation of the credit you receive for federal income taxes you pay.

When listing your dependents on the PFS, make sure it is consistent with those listed on your 1040 in Line 6C. If you support children or others in your household that you cannot claim as a dependent, be sure to list them and explain their relationship to you in the PFS "Other Considerations" section.

PFS Line 6C asks about exemptions you claim. Be sure it matches with exemptions claimed on Line 6D of your 1040. An incorrect entry on the PFS can cause a miscalculation of the credit you receive for federal income taxes you pay.

1040 Section: Income Information

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	PFS Line 7A, 7B
	8a	Taxable interest. Attach Schedule B if required	8a	PFS Line 7C
	b	Tax-exempt interest. Do not include on line 8a	8b	PFS Line 8K
	9a	Ordinary dividends. Attach Schedule B if required	9a	PFS Line 7D
	b	Qualified dividends	9b	Do not report on PFS
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	PFS Line 7E
	11	Alimony received	11	PFS Line 19
	12	Business income or (loss). Attach Schedule C or C-EZ	12	PFS Line 7M
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	PFS Line 7T
	14	Other gains or (losses). Attach Form 4797	14	PFS Line 7O
	15a	IRA distributions	15a	PFS Line 8M = 15a minus 15b
	b	Taxable amount	15b	PFS Line 7P
	16a	Pensions and annuities	16a	PFS Line 8M = 16a minus 16b
	b	Taxable amount	16b	PFS Line 7Q or 19
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	PFS Line 19
	18	Farm income or (loss). Attach Schedule F	18	PFS Line 7R
	19	Unemployment compensation	19	PFS Line 7S
	20a	Social security benefits	20a	PFS Line 8B = 20a minus 20b
	b	Taxable amount	20b	PFS Line 7T
	21	Other income. List type and amount	21	PFS Line 7T
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	

Which Lines Matter for the PFS?

As you can see, each line of the 1040's Income section has a corresponding line on the PFS where the income information should be reported. Most are straightforward one-to-one matches. However, a few lines warrant a little more guidance:

1040 Line 7: Salary/Wages

The salary and wages reported here are a total of salaries earned by the parents in the household. The PFS asks you to report each parent's salary separately, so you won't see a single line item on the PFS for the total salaries. Be sure though, that the total of the salaries you enter in line 7A and 7B for each parent is the same as the total shown on Line 7 of your 1040.

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1040 Line 12: Business income or (loss)

This refers specifically to income or loss you had from a Sole Proprietorship, for which you also completed a Schedule C. On Line 19 of the PFS, the total of the net profit or loss from each Schedule C business you own should equal the amount shown on your 1040 Line 12. Be sure to send or upload each Schedule C you file, if you have income or a loss listed on your 1040 Line 12.

1040 Lines 15a, 16a, and 20a: Distributions from IRA, Pensions, and Social Security

1040 Lines 15a, 16a, and 20a each show the total income you received from IRA, Pensions, and Social Security. Lines 15b, 16b, and 20b show the portion of that total that was taxable. Each has a specific PFS line for reporting the taxable portion.

To report the nontaxable portion correctly, take the difference and report it in the appropriate PFS line item in the Nontaxable Income section.

Report your nontaxable IRA and Pension income in PFS Line 8M.

Report your nontaxable Social Security benefits in PFS Line 8B.

1040 Line 17: Rental Real Estate, royalties, partnerships, S corporations, trusts, etc.

This line can be complicated, depending on what type of income is included here, since many different types of income reportable on your 1040 Line 17.

If any income reported on Line 17 is from rental property, trusts, or royalties, report it on Line 7Q of your PFS.

If any income reported on Line 17 is from S corporations or Partnerships that you share ownership in, report it on Line 19 of your PFS, in the section that asks you to detail the income and expenses of the business.

Be sure to send or upload each Schedule E you file, if you have income or loss listed on your 1040 Line 17.

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1040 Section: Adjustments to Income

Adjusted Gross Income	23	Educator expenses	23			
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
	25	Health savings account deduction. Attach Form 8889	25			
	26	Moving expenses. Attach Form 3903	26			
	27	Deductible part of self-employment tax. Attach Schedule SE	27	PFS Line 7I		
	28	Self-employed SEP, SIMPLE, and qualified plans	28	PFS Line 7H		
	29	Self-employed health insurance deduction	29			
	30	Penalty on early withdrawal of savings	30			
	31a	Alimony paid b Recipient's SSN ▶ <input type="text"/>	31a			
	32	IRA deduction	32	PFS Line 7G		
	33	Student loan interest deduction	33			
	34	Tuition and fees. Attach Form 8917	34			
	35	Domestic production activities deduction. Attach Form 8903	35			
	36	Add lines 23 through 35	36			PFS Line 7F
	37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37			

Which Lines Matter for the PFS?

In this section, four items have one-to-one matching items on the PFS. Be sure to report the total shown on 1040 Line 36 on PFS line 7F. If you have adjustments in 1040 Lines 27, 28, or 32, report them in the proper lines on the PFS. If you have adjustments other than those three, be sure to leave a note in PFS Item 7J to specify what the adjustments were for (e.g., "alimony paid" or "Educator expenses").

1040 Section: Tax and Credits

Form 1040 (2016)						
Tax and Credits	38	Amount from line 37 (adjusted gross income)	38			
	39a	Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind. } Total boxes checked ▶ 39a <input type="text"/>				
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>				
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,300 Married filing jointly or Qualifying widow(er), \$12,600 Head of household, \$9,300	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40			PFS Line 6E
	41	Subtract line 40 from line 38	41			
	42	Exemptions. If line 38 is \$155,650 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42			
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43			
	44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> <input type="text"/>	44			
	45	Alternative minimum tax (see instructions). Attach Form 6251	45			
	46	Excess advance premium tax credit repayment. Attach Form 8962	46			
	47	Add lines 44, 45, and 46	47			
	48	Foreign tax credit. Attach Form 1116 if required	48			
	49	Credit for child and dependent care expenses. Attach Form 2441	49			
	50	Education credits from Form 8863, line 19	50			
	51	Retirement savings contributions credit. Attach Form 8880	51			
	52	Child tax credit. Attach Schedule 8812, if required	52			
53	Residential energy credits. Attach Form 5695	53				
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/> <input type="text"/>	54				
55	Add lines 48 through 54. These are your total credits	55				
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0- ▶	56				

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Which Lines Matter for the PFS?

While there are many items in this section of the 1040, only one line is relevant when completing your PFS. The amount on Line 40, your itemized deductions, should be reported on PFS Line 6E. If you did not itemize your deductions, you can enter zero on the PFS for this question. No other questions on the PFS ask about any amounts in this section of the 1040.

If your itemized deductions include medical and/or dental expenses, look at your Schedule A, Line 1. You can report the total medical and dental expenses shown there in PFS Line 14A.

Please note that you can still report your medical and dental expenses on PFS Line 14A even if you did not itemize them on a Schedule A (see example below):

SCHEDULE A (Form 1040) Department of the Treasury Internal Revenue Service (99)	Itemized Deductions ► Information about Schedule A and its separate instructions is at www.irs.gov/schedulea . ► Attach to Form 1040.		OMB No. 1545-0074 2016 Attachment Sequence No. 07	
	Name(s) shown on Form 1040			Your social security number
Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see instructions)	1	PFS Line 14A
	2	Enter amount from Form 1040, line 38 <input style="width: 50px;" type="text"/> 2		
	3	Multiply line 2 by 10% (0.10). But if either you or your spouse was born before January 2, 1952, multiply line 2 by 7.5% (0.075) instead	3	
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		4	

1040 Section: Other Taxes and Payments

Other Taxes	57	Self-employment tax. Attach Schedule SE	57	PFS Line 17J	
	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58		
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59		
	60a	Household employment taxes from Schedule H	60a		
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b		
	61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61		
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) <input style="width: 100px;" type="text"/>	62		
	63	Add lines 56 through 62. This is your total tax ►	63		
	Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	
		65	2016 estimated tax payments and amount applied from 2015 return	65	
66a		Earned income credit (EIC)	66a	PFS Line 8I	
b		Nontaxable combat pay election <input style="width: 50px;" type="text"/> 66b			
67		Additional child tax credit. Attach Schedule 8812	67		
68		American opportunity credit from Form 8863, line 8	68		
69		Net premium tax credit. Attach Form 8962	69		
70		Amount paid with request for extension to file	70		
71		Excess social security and tier 1 RRTA tax withheld	71		
72		Credit for federal tax on fuels. Attach Form 4136	72		
73	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/> <input style="width: 50px;" type="text"/>	73			
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments ►	74			

On PFS Line 6F, report the difference of 1040 Line 63 minus Line 57

If you have a qualifying child, attach Schedule EIC.

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Which Lines Matter for the PFS?

1040 Line 57 shows the total amount of self-employment taxes you paid for your business(es). These should also be report on Line 17J on the PFS. Note that the PFS will ask you how much self-employment tax you paid for each business separately. The total of all of those self-employment tax amounts should be equal to what's reported here on the 1040 Line 57.

1040 Line 63 shows what you owe for the different types of federal taxes on your income. PFS Line 6F asks you to report your federal taxes paid. Be sure to report the amount shown on 1040 Line 63. But if you also have Self-Employment taxes, do not include those in PFS Line 6F, since you have to report those separately for each business. Instead, for PFS Line 6F, report the total tax on Line 63 MINUS any Self-Employment tax on Line 57.

Earned income credits shown on 1040 Line 66a are considered non-taxable income and should be reported on PFS Line 8I.

1040 Section: Refund, Amount You Owe, Third Party Designee, Signatures

There is no information provided in these final areas of the 1040 that is also asked for on the PFS.

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Schedule C

What Is The Schedule C For?

The Schedule C is used for reporting specific details about each business you own for which you are the sole proprietor. It shows the name, location, and type of business. It details the total, gross income you received for the business. It itemizes the allowable expenses of the business that can be written off against the business's income to ultimately show what your net profit or loss was on the business. The net profit or loss is then entered on your Form 1040 on Line 12. When you submit your 1040 to the IRS, you are required to attach/include a Schedule C for each sole proprietorship you own.

What Does the Schedule C Look Like?

SCHEDULE C (Form 1040) <small>Department of the Treasury Internal Revenue Service (99)</small>		Profit or Loss From Business (Sole Proprietorship) ► Information about Schedule C and its separate instructions is at www.irs.gov/schedulec. ► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.		<small>OMB No. 1545-0074</small> 2016 <small>Attachment Sequence No. 09</small>	
Name of proprietor			Social security number (SSN)		
A	Principal business or profession, including product or service (see instructions)		B Enter code from instructions		
C	Business name. If no separate business name, leave blank.		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) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►				
G	Did you "materially participate" in the operation of this business during 2016? If "No," see instructions for limit on losses . <input type="checkbox"/> Yes <input type="checkbox"/> No				
H	If you started or acquired this business during 2016, check here <input type="checkbox"/>				
I	Did you make any payments in 2016 that would require you to file Form(s) 1099? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No				
J	If "Yes," did you or will you file required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> 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	Gross profit. 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	Gross income. 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	Car and truck expenses (see instructions).	9	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	Other business property	20b
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	21	Repairs and maintenance	21
14	Employee benefit programs (other than on line 19)	14	22	Supplies (not included in Part II)	
15	Health insurance	15	23	Taxes and licenses	
			24	Travel, meals, and entertainment	

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Which Lines Matter for the PFS?

If you have a Schedule C, you have a Sole Proprietorship. On PFS Line 6G, answer "Yes." You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15C, select "Sole Proprietorship" and complete the questions about each business based on the income and expense information provided on the Schedule C. See below for guidance:

Schedule C: Business Information and Income

SCHEDULE C (Form 1040) <small>Department of the Treasury Internal Revenue Service (99)</small>		Profit or Loss From Business (Sole Proprietorship) ▶ Information about Schedule C and its separate instructions is at www.irs.gov/schedulec . ▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.		OMB No. 1545-0074 2016 Attachment Sequence No. 09
Name of proprietor			Social security number (SSN)	
A	Principal business or profession, including product or service (see instructions) PFS Line 15K		B Enter code from instructions	
C	Business name. If no separate business name, leave blank. PFS Line 15A		D Employer ID number (EIN), (see instr.)	
E	Business address (including suite or room no.) ▶ PFS Line 15G - 15J City, town or post office, state, and ZIP code			
F	Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶			
G	Did you "materially participate" in the operation of this business during 2016? If "No," see instructions for limit on losses			<input type="checkbox"/> Yes <input type="checkbox"/> No
H	If you started or acquired this business during 2016, check here			<input type="checkbox"/>
I	Did you make any payments in 2016 that would require you to file Form(s) 1099? (see instructions)			<input type="checkbox"/> Yes <input type="checkbox"/> No
J	If "Yes," did you or will you file required Forms 1099?			<input type="checkbox"/> Yes <input type="checkbox"/> 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		1	PFS Line 16A
2	Returns and allowances		2	
3	Subtract line 2 from line 1		3	
4	Cost of goods sold (from line 42)		4	PFS Line 16B
5	Gross profit. Subtract line 4 from line 3		5	PFS Line 16C
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		6	PFS Line 16D
7	Gross income. Add lines 5 and 6		7	

Note that you will have to complete a separate section on income for each sole proprietorship that you own.

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Schedule C: Business Expenses and Net Profit/Loss

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

Look at Line 13. If you are writing off any depreciation or “section 179 expense,” you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to send or upload that with your tax forms. Doing so allows the school to clarify how much of the amount on Line 13 is actually depreciation and not “section 179 expense.” This is to your advantage, typically.

Look at Line 26. If you paid wages to employees for your business (as reported on W2’s that you filed for them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others.

If Schedule C Line 26 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A. Only report this amount if you provided a W2 as documentation of those earnings. **Do NOT report your net profit as your salary.**

If Schedule C Line 26 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

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By definition, a sole proprietorship doesn't share the profit or loss of the business with any other person or entity. Report the amount on Schedule C Line 31 on PFS Line 17L to reflect your share of the total business profit or loss (in other words, the amount that belongs to you).

Note that you will have to complete a separate section on expenses and net profit for each sole proprietorship that you own.

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Form 1099-MISC

What Is Form 1099-MISC For?

The Form 1099-MISC is provided to you by a person or firm for whom you performed work or service by hiring yourself out as a freelancer, contractor, or the like. 1099s can also show other types of income such as royalties, commissions or rents. Basically, it shows income you earned that wasn't provided to you as someone else's employee or from your investments.

Other types of 1099s you might receive:

- 1099-DIV (which reports income from dividends, distributions, and capital gains from investments accounts such as stocks, bonds, and mutual funds)
- 1099-INT (which tracks interest income you earned from investments such as savings accounts).

What Does the Form 1099-MISC Look Like?

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED					
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115	Miscellaneous Income	
		\$	2017		
PAYER'S federal identification number RECIPIENT'S identification number		2 Royalties	Form 1099-MISC	Copy 1 For State Tax Department	
		\$			
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		3 Other income	4 Federal income tax withheld		
		\$	\$		
Account number (see instructions) FATCA filing requirement <input type="checkbox"/>		5 Fishing boat proceeds	6 Medical and health care payments		
		\$	\$		
15a Section 409A deferrals 15b Section 409A income		7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest		
		\$	\$		
16 State tax withheld		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds		
		\$	\$		
17 State/Payer's state no.		11	12		
18 State income		13 Excess golden parachute payments	14 Gross proceeds paid to an attorney		
		\$	\$		
15a Section 409A deferrals		16 State tax withheld		17 State/Payer's state no.	
\$		\$		\$	
Form 1099-MISC		www.irs.gov/form1099misc		Department of the Treasury - Internal Revenue Service	

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Which Lines Matter for the PFS?

Income reported on your 1099s should already be included in certain lines of your 1040. On the PFS, any income reported on a 1099-MISC (other than rents and royalties) should be reported on PFS Line 7T.

Important Notes

1. Do not report any amounts reported on a 1099-MISC as salary or wages, even if you earned it by working for someone as a contractor, freelancer, etc. When reporting your salary or wages, ONLY count income for which you received a W2.
2. Many schools will require you to submit a W2 as part of your financial aid application. If you didn't receive a W2 (meaning you didn't earn a salary as someone else's employee), but you did receive a 1099-MISC as a contractor or freelancer, you need to submit your 1099-MISC in place of the W2 the school requires.

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Form 4506-T

What Is It For?

The Form 4506-T is used to retrieve a transcript of information provided on a past tax return, W2, and 1099 on file with the IRS. It gives permission to a third party to receive the tax return data directly.

Related forms:

- 4506 (used to receive an actual copy of a past 1040 and schedules, not just the transcript)
- 4506-TEZ (short form request for a transcript if only requesting a past 1040, not other information from W2s or Schedules)

What Does It Look Like?

Form 4506-T (Rev. September 2015) Department of the Treasury Internal Revenue Service		Request for Transcript of Tax Return ▶ Do not sign this form unless all applicable lines have been completed. ▶ Request may be rejected if the form is incomplete or illegible. ▶ For more information about Form 4506-T, visit www.irs.gov/form4506t .		OMB No. 1545-1872
Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return . There is a fee to get a copy of your return.				
1a Name shown on tax return. If a joint return, enter the name shown first.		1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)		
2a If a joint return, enter spouse's name shown on tax return.		2b Second social security number or individual taxpayer identification number if joint tax return		
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)				
4 Previous address shown on the last return filed if different from line 3 (see instructions)				
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.				
Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.				
6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶				
a Return Transcript , which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days <input type="checkbox"/>				
b Account Transcript , which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days <input type="checkbox"/>				
c Record of Account , which provides the most detailed information as it is a combination of the Return Transcript and Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days <input type="checkbox"/>				
7 Verification of Nonfiling , which is proof from the IRS that you did not file a return for the year specified. Available for current year and 3 prior tax years. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days <input type="checkbox"/>				
8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. State or local information is not included. Information for up to 10 years. Information for up to 10 years. Information for up to 10 years.				

Which Lines Matter for the PFS?

No questions on the PFS use information from the Form 4506T. You do not need to use this form when you're completing the PFS. However, it is sometimes required by schools so that they can access your tax information if they want to confirm that what you supplied to them is the same as what you filed with the IRS.