



Comparison of taxes owed Self Employment Tax filing vs. Incorporated Tax Filing

File as Self Employment example*

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2015** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2015, or other tax year beginning , ending . See separate instructions.

Your first name and initial **MIKE** Last name **SMITH** Your social security number **322-11-1999**

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. **251 N MILWAUKEE AVENUE 1025**

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). **BUFFALO GROVE, IL 60089**

Foreign country name Foreign province/state/country Foreign postal code

Filing Status ☒ 1 Single ☐ 2 Married filing jointly (even if only one had income) ☐ 3 Married filing separately. Enter spouse's SSN above and full name here. ☐ 4 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 Qualifying widow(er) with dependent child

Check only one box.

Exemptions ☒ 6a Yourself. If someone can claim you as a dependent, do not check box 6a. ☐ 6b Spouse. ☐ 6c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) X if child under age 17 qualifying for child tax credit (see instructions.)

If more than four dependents, see instructions and check here ☐

Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 8a Taxable interest. Attach Schedule B if required. 8a b Tax-exempt interest. Do not include on line 8a. 8b 9a Ordinary dividends. Attach Schedule B if required. 9a b Qualified dividends. 9b 10 Taxable refunds, credits, or offsets of state and local income taxes. 10 11 Alimony received. 11 12 Business income or (loss). Attach Schedule C or C-EZ. 12 **20,000.** 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here. ☐ 13 14 Other gains or (losses). Attach Form 4797. 14 15a IRA distributions. 15a b Taxable amount. 15b 16a Pensions and annuities. 16a b Taxable amount. 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. 17 **20,000.** 18 Farm income or (loss). Attach Schedule F. 18 19 Unemployment compensation. 19 20a Social security benefits. 20a b Taxable amount. 20b 21 Other income. List type and amount. 21 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income. 22 **20,000.**

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 **1,413.** 28 Self-employed SEP, SIMPLE, and qualified plans. 28 29 Self-employed health insurance deduction. 29 30 Penalty on early withdrawal of savings. 30 31a Alimony paid b Recipient's SSN. 31a 32 IRA deduction. 32 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 **1,413.** 37 Subtract line 36 from line 22. This is your adjusted gross income. 37 **18,587.**

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*These examples are for purposes for this presentation only. Actual results may vary.

Common business expenses

Every business owner should be tracking!

Account	Description
Automobile Expense	Fuel, oil, repairs, and other automobile maintenance for business autos for non-hired business autos
Bank Service Charges	Bank account service fees, bad check charges and other bank fees
Business Licenses and Permits	Business licenses, permits, and other business-related fees
Computer and Internet Expenses	Computer supplies, off-the-shelf software, online fees, and other computer or internet related expenses
Depreciation Expense	Depreciation on equipment, buildings and improvements
Insurance Expense	Insurance expenses
Interest Expense	Interest payments on business loans, credit card balances, or other business debt
Meals and Entertainment	Business meals and entertainment expenses, including travel-related meals (may have limited deductibility)
Office Supplies	Office supplies expense
Payroll Expenses	Payroll expenses
Professional Fees	Payments to accounting professionals and attorneys for accounting or legal services
Rent Expense	Rent paid for company offices or other structures used in the business
Repairs and Maintenance	Incidental repairs and maintenance of business assets that do not add to the value or appreciably prolong its life
Small Tools and Equipment	Purchases of small tools or equipment not classified as fixed assets
Telephone Expense	Telephone and long distance charges, faxing, and other fees Not equipment purchases
Utilities	Water, electricity, garbage, and other basic utilities expenses
Ask My Accountant	Transactions to be discussed with accountant, consultant, or tax preparer

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Call us for a free review of the last 3 years' tax returns to make sure every deduction was properly taken.

Remember the IRS allows you to amend your tax returns up to 3 years after filing.

Call to schedule an appointment 847-221-9058



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