

# Self Employed Borrower

## Schedule C

March 2021

### Customer Education

Brought to you by: Genworth Customer Development and Process Consulting



**YOU-CENTRIC SOLUTIONS THAT MATTER**

**Genworth**   
Mortgage Insurance

# Materials You Will Need

- **Form 1084 Worksheet**
- **Tax Return 1040's for Dan Designer**

# Objective

**Understand the meaning of “Self-Employed”**

**Learn to use Fannie Mae’s 1084 to calculate supportable income using tax returns.**


**Complete Fannie Mae’s 1084 Cashflow Analysis**



– Review Schedule C


# You'll Need

<b>Form 1040</b>		Department of the Treasury—Internal Revenue Service (99)		<b>2020</b>		OMB No. 1545-0074		IRS Use Only—Do not write or staple in this space.																																																																									
<b>U.S. Individual Income Tax Return</b>																																																																																	
<b>Filing Status</b> <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent.																																																																																	
Your first name and middle initial <b>Dan</b>				Last name <b>Designer</b>		Your social security number <b>XXX-XX-XXXX</b>																																																																											
If joint return, spouse's first name and middle initial				Last name		Spouse's social security number																																																																											
Home address (number and street). If you have a P.O. box, see instructions. <b>1000 Decorator Drive</b>						Apt. no.		<b>Presidential Election Campaign</b> 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																																																																									
City, town, or post office. If you have a foreign address, also complete spaces below. <b>Raleigh</b>						State <b>NC</b>				ZIP code <b>27615</b>																																																																							
Foreign country name				Foreign province/state/county		Foreign postal code																																																																											
At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																																																																																	
<b>Standard Deduction</b> Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien																																																																																	
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For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. <span style="float: right;">Form <b>1040</b> (2020)</span>																																																																																	

# Income Worksheets/Calculator



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## Self-Employed Borrower Tools

We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie M






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**Fannie Mae Form 1084 Calculator (2019-2020)**


Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**



XLSX

**Fannie Mae Form 1084 Calculator XLS (2019-2020)**


Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**



PDF

**Freddie Mac Form 91 Calculator (2019-2020)**


Quick reference guide and income analysis for Freddie Mac Form 91 **UPDATED**



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**Freddie Mac Form 92 Calculator (2019-2020)**


Form 92 Net Rental Income Calculations – Schedule E **UPDATED**



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**Schedule Analysis Method (SAM) Calculator (2019-2020)**


Calculate qualifying income from tax returns. **UPDATED**




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**Rental Income Calculator (2019-2020)**



Assists in calculating rental income from IRS form 1040 Schedule E. **UPDATED**


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# Income Worksheets/Calculator



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Learn more about self-employed borrowers through our **Self-Employed Borrower courses** 



## Calculator and Quick Reference Guide: Fannie Mae Cash Flow Analysis

Please use the following quick reference guide to assist you in completing Fannie Mae Form 1084. It provides suggested guidance only and does not replace Fannie Mae instructions or applicable guidelines.  
Note: For entries with the marker "(+/-)" type "+" for entering a negative amount. Example: -12,345.67

IRS Form 1040 - Individual Income Tax Return	2020	2019	NOTES
<b>1 W-2 Income from Self-Employment</b>	+		
<b>2 Schedule B - Interest and Ordinary Dividends</b>			
a. Interest Income from Self-Employment (Line 1)	+		
b. Dividends from Self-Employment (Line 3)	+		
<b>3 Schedule C - Profit or Loss from Business: Sole Proprietorship</b>			
a. Net Profit or Loss (Line 31)	+/-		
b. Nonrecurring Other (Income) Loss/Expenses (Line 4)	+/-		
c. Depreciation (Line 12)	+		
d. Depreciation (Line 13)	+		
e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		
f. Business Use of Home (Line 30, Check applicable guideline)	+		
g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part 1*)	+		
Business Miles (Page 2, Part II, Line 4b (if below 41a), Line 3b)			
h. Depreciation Rate (2020 - 25%; 2019 - 26%)		0.27	0.26
i. Total Mortgage Depreciation	+	0.00	0.00
<b>Subtotal Schedule C</b>	=	0.00	0.00
<b>4 Schedule D - Capital Gains and Losses</b>			
a. Recurring Capital Gains (from Self-Employment)	+		
<b>5 Schedule E - Supplemental Income and Loss</b>			
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) or a comparable form to calculate individual rental income (loss) reported on Schedule E.			
a. Royalties Received (Line 4)	+		
b. Total Expenses (Line 20)	-		
c. Depreciation (Line 18)	+		
<b>Subtotal Schedule E</b>	=	0.00	0.00
<b>6 Schedule F - Profit or Loss from Farming</b>			
a. Net Farm Profit or Loss (Line 34)	+/-		
b. Non-Tax Portion Ongoing Comp and CCC Payments (Line 3, 4, 4b, 4c)	+/-		
c. Nonrecurring Other (Income) or Loss (Lines 5c & 6)	+/-		
d. Depreciation (Line 14)	+		
e. Amortization/Casualty Loss/Depreciation (Line 32*)	+		
f. Business Use of Home (Line 32, Check applicable guideline)	+		
<b>Subtotal Schedule F</b>	=	0.00	0.00

This calculator can be found at <https://www.mtggenworth.com/self-employed-borrower-calculator>

Page 1 of 4



## Fannie Mae Form 1084 Calculator (2019-2020)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**

# The Tax Return...

**Form 1040** Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

**Filing Status** ☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial: Dan  
Last name: Designer  
Your social security number: XXX-XX-XXXX  
If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions.  
1000 Decorator Drive  
City, town, or post office. If you have a foreign address, also complete spaces below. State: NC ZIP code: 27615  
Foreign country name: \_\_\_\_\_ Foreign province/state/county: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_

Presidential Election Campaign  
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.  
☐ Yes ☒ No

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☒ No

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You: ☐ Were born before January 2, 1956 ☐ Are blind Spouse: ☐ Was born before January 2, 1956 ☐ Is blind

**Dependents** (see instructions):  
(1) First name Last name (2) Social security number (3) Relationship to you (4) ☒ If qualifies for (see instructions): Child tax credit Credit for other dependents

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

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7	
8	Other income from Schedule 1, line 9	8	66,270.
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>	9	68,414.
10	Adjustments to income:		
a	From Schedule 1, line 22	10a	25,125.
8	Other income from Schedule 1, line 9	8	66,270.
11	Subtract line 10c from line 9. This is your <b>adjusted gross income</b>	11	43,288.
12	<b>Standard deduction or itemized deductions</b> (from Schedule A)	12	29,541.
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	2,749.
14	Add lines 12 and 13	14	32,290.
15	<b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0-	15	10,998.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2020)

## The Example is Dan Designer

Dan runs a business from home. The business is a Sole Proprietor and he files a Schedule C. He is a 100% owner.

**SCHEDULE 1** (Form 1040) **Additional Income and Adjustments to Income** OMB No. 1545-0074  
Department of the Treasury Internal Revenue Service  
▶ Attach to Form 1040, 1040-SR, or 1040-NR.  
▶ Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: Dan Designer  
Your social security number: XXX-XX-XXXX

**Part I Additional Income**

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	66,270.
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	66,270.

**Review Line 8 to determine if a Schedule 1 has been filed**

# The Tax Return...

## The Example is Dan Designer

Dan runs a business from home. The business is a Sole Proprietor and he files a Schedule C. He is a 100% owner.

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		2020 Attachment Sequence No. 01	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR Dan Designer				Your social security number XXX-XX-XXXX	
<b>Part I Additional Income</b>					
1	Taxable refunds, credits, or offsets of state and local income taxes . . . . .	1			
2a	Alimony received . . . . .	2a			
b	Date of original divorce or separation agreement (see instructions) ▶				
3	Business income or (loss). Attach Schedule C . . . . .	3	66,270.		
4	Other gains or (losses). Attach Form 4797 . . . . .	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5			
6	Farm income or (loss). Attach Schedule F . . . . .	6			
7	Unemployment compensation . . . . .	7			
8	Other income. List type and amount ▶	8			
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8 . . . . .	9	66,270.		

3 Business income or (loss). Attach Schedule C . . . . . 3

SCHEDULE C (Form 1040)		Profit or Loss From Business		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (S)		▶ Go to <a href="http://www.irs.gov/ScheduleC">www.irs.gov/ScheduleC</a> for instructions and the latest information. ▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.		2020 Attachment Sequence No. 09	
Name of proprietor Dan Designer		Social security number (SSN) XXX-XX-XXXX		B Enter code from instructions 541400	
A Principal business or profession, including product or service (see instructions) Interior Design		C Business name, if no separate business name, leave blank.		D Employer ID number (EIN) (see instructions)	
E Business address (including suite or room no.) ▶ 1000 Decorator Drive City, town or post office, state, and ZIP code Raleigh, NC 27615					
F Accounting method: (1) <input checked="" 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 2020? 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 2020, check here . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
J If "Yes," did you or will you file required Form(s) 1099? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
<b>Part I Income</b>					
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	297,800.		
2	Returns and allowances . . . . .	2	14,888.		
3	Subtract line 2 from line 1 . . . . .	3	282,912.		
4	Cost of goods sold (from line 40) . . . . .	4			
5	Gross profit. Subtract line 4 from line 3 . . . . .	5	282,912.		
6	Cost of goods sold (from line 40) . . . . .	6			
7	Subtract line 6 from line 5 . . . . .	7	282,912.		
8	Other expenses for business use of your home only on line 30 . . . . .	8			
9	Car and truck expenses (see instructions) . . . . .	9	25,082.		
10	Commissions and fees . . . . .	10			
11	Contract labor (see instructions) . . . . .	11	48,122.		
12	Depreciation . . . . .	12			
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions) . . . . .	13	3,120.		
14	Employee benefit programs (other than on line 19) . . . . .	14			
15	Insurance (other than health) . . . . .	15	3,100.		
16	Interest (see instructions): a Mortgage paid to banks, etc. . . . . b Other . . . . .	16a			
17	Legal and professional services . . . . .	17	1,444.		
18	Office expense (see instructions) . . . . .	18	17,555.		
19	Pension and profit-sharing plans . . . . .	19			
20	Rent or lease (see instructions): a Vehicles, machinery, and equipment . . . . . b Other business property . . . . .	20a			
21	Repairs and maintenance . . . . .	21	22,700.		
22	Supplies (not included in Part III) . . . . .	22	6,599.		
23	Taxes and licenses . . . . .	23	1,750.		
24	Travel and meals: a Travel . . . . . b Deductible meals (see instructions) . . . . .	24a			
25	Utilities . . . . .	25	1,172.		
26	Wages (less employment credits) . . . . .	26			
27a	Other expenses (from line 48) . . . . .	27a	13,929.		
27b	Reserves for future use . . . . .	27b			
28	Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . .	28	188,087.		
29	Tentative profit or (loss). Subtract line 28 from line 7 . . . . .	29	94,825.		
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	28,555.		
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3, 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	66,270.		
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 Schedule 1 (Form 1040), line 3, 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			
32b <input type="checkbox"/> All investment is at risk. <input type="checkbox"/> Some investment is not at risk.					

**Review Line 3 to determine if a Schedule C has been filed**



# The Tax Return...

**SCHEDULE C (Form 1040) Profit or Loss From Business** (Sole Proprietorship)

OMB No. 1545-0074  
**2020**  
Attachment Sequence No. **09**

Department of the Treasury  
Internal Revenue Service (IRS) ▶ Go to [www.irs.gov/ScheduleC](https://www.irs.gov/ScheduleC) for instructions and the latest information.  
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor  
**Dan Designer**

Principal business or profession, including product or service (see instructions)  
**Interior Design**

Business name, if no separate business name, leave blank.

Business address (including suite or room no.) ▶ **1000 Decorator Drive**  
City, town or post office, state, and ZIP code **Raleigh, NC 27615**

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses ☐ Yes ☐ No

If you started or acquired this business during 2020, check here ▶ ☐ Yes ☒ No

Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions ☐ Yes ☒ No

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 ☐

**3 Business income or (loss). Attach Schedule C** . . . . . **3** **66,270.**

4 Cost of goods sold (from line 42) . . . . . **4** **0.**

5 Gross profit. Subtract line 4 from line 3 . . . . . **5** **282,912.**

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** **282,912.**

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

**31 Net profit or (loss). Subtract line 30 from line 29.**

- If a profit, enter on both **Schedule 1 (Form 1040), line 3**, 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.

14 Employee benefit programs (other than on line 19) . . . . . **14**

15 Insurance (other than health) . . . . . **15** **3,100.**

16 Interest (see instructions):  
a Mortgage (paid to banks, etc.) . . . . . **16a**  
b Other . . . . . **16b** **1,444.**

17 Legal and professional services . . . . . **17** **17,660.**

24 Travel and meals:  
a Travel . . . . . **24a** **7,855.**  
b Deductible meals (see instructions) . . . . . **24b** **1,172.**

25 Utilities . . . . . **25**

26 Wages (less employment credits) . . . . . **26**

27a Other expenses (from line 48) . . . . . **27a** **13,929.**  
b Reserved for future use . . . . . **27b**

28 Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . . **28** **188,087.**

29 Tentative profit or (loss). Subtract line 28 from line 7 . . . . . **29** **94,825.**

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** **28,555.**

**31 Net profit or (loss). Subtract line 30 from line 29.**

- If a profit, enter on both **Schedule 1 (Form 1040), line 3**, 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.

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 **Schedule 1 (Form 1040), line 3**, 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 ☐ All investment is at risk.  
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 02/15/21 TTW Schedule C (Form 1040) 2020

## The Example is Dan Designer

Dan runs a business from home. The business is a Sole Proprietor and he files a Schedule C. He is a 100% owner.

31	66,270.
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**Review Line 31 to determine if just 1 Schedule C has been filed**

# Review Schedule C

## Start with the Net Profit or Loss

3	Schedule C - Profit or Loss from Business: Sole Proprietorship	
	a. Net Profit or Loss (Line 31)	+/-

- 31 Net profit or (loss).** Subtract line 30 from line 29.
- If a profit, enter on both **Schedule 1 (Form 1040), line 3**, 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.

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074 <b>2020</b> Attachment Sequence No. <b>09</b>	
Department of the Treasury Internal Revenue Service (99)				Go to <a href="http://www.irs.gov/ScheduleC">www.irs.gov/ScheduleC</a> for instructions and the latest information. Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.	
Name of proprietor <b>Dan Designer</b>				Social security number (SSN) <b>XXX-XX-XXXX</b>	
A Principal business or profession, including product or service (see instructions) <b>Interior Design</b>				B Enter code from instructions <b>541400</b>	
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.) <b>1000 Decorator Drive</b> City, town or post office, state, and ZIP code <b>Raleigh, NC 27615</b>					
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) <b>_____</b>					
G Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
H If you started or acquired this business during 2020, check here <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
<b>Part I Income</b>					
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	297,800.		
2	Returns and allowances	2	14,888.		
3	Subtract line 2 from line 1	3	282,912.		
4	Cost of goods sold (from line 42)	4	0.		
5	Gross profit. Subtract line 4 from line 3	5	282,912.		
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	282,912.		
<b>Part II Expenses. Enter expenses for business use of your home only on line 30.</b>					
8	Advertising	8	17,999.	18	Office expense (see instructions)
9	Car and truck expenses (see instructions)	9	25,082.	19	Pension and profit-sharing plans
10	Commissions and fees	10		20	Rent or lease (see instructions):
11	Contract labor (see instructions)	11	48,122.	a	Vehicles, machinery, and equipment
12	Depreciation	12		b	Other business property
13	Depreciation and section 179 expense deduction (not included in Part II) (see instructions)	13	3,120.	21	Repairs and maintenance
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part II)
15	Insurance (other than health)	15	3,100.	23	Taxes and licenses
16	Interest (see instructions):	16		24	Travel and meals:
a	Mortgage (paid to banks, etc.)	16a		a	Travel
b	Other	16b	1,444.	b	Deductible meals (see instructions)
17	Legal and professional services	17	17,660.	25	Utilities
				26	Wages (less employment credits)
				27a	Other expenses (from line 48)
				b	Reserved for future use
28	Total expenses before expenses for business use of home. Add lines 8 through 27a	28	188,087.	27b	
29	Tentative profit or (loss). Subtract line 28 from line 7	29	94,825.		
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	28,555.		
31	Net profit or (loss). 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	66,270.		
				32a	All investment is at risk.
				32b	Some investment is not at risk.

# Income Analysis Form 1084

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	
	c. Depletion (Line 12)	+	
	d. Depreciation (Line 13)	+	
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>66,270.00</b>

b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-
---	-----

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . .	6	
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Examples include:

- Profit from postage, shipping or handling, if you **track it separately**
- **Interest** earned on notes or accounts receivable
- **Bad debts** you deducted in a previous year that were repaid (whole or in part) this year
- **Cash prizes and awards** that your business received, such as a \$500 prize from your local Chamber of Commerce for "Business of the Year"

**Is “Other Income” Regular and Reoccurring?**

**Is a Gas or Fuel Credit?**

***Usually No - When in doubt - Take it out!***

# Income Analysis Form 1084

<b>3</b>	<b>Schedule C - Profit or Loss from Business: Sole Proprietorship</b>		
	a. Net Profit or Loss ( <i>Line 31</i> )	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses ( <i>Line 6</i> )	+/-	0.00
	c. Depletion ( <i>Line 12</i> )	+	
	d. Depreciation ( <i>Line 13</i> )	+	
	e. Non-deductible Meals and Entertainment Expenses ( <i>Line 24b</i> )	-	
	f. Business Use of Home ( <i>Line 30, Check applicable guidelines</i> )	+	
	g. Amortization/Casualty Loss ( <i>Only add back Amort/CL - Review Schedule C Page 2, Part V*</i> )	+	
	Business Miles ( <i>Page 2, Part IV, Line 44a OR Related 4562, Line 30</i> )		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>66,270.00</b>

## c. Depletion (Line 12)

**12** Depletion . . . . . **12**

<b>3 Schedule C - Profit or Loss from Business: Sole Proprietorship</b>			
a. Net Profit or Loss (Line 31)	+/-		66,270.00
b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-		0.00
c. Depletion (Line 12)	+		0.00
d. Depreciation (Line 13)	+		
e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		
f. Business Use of Home (Line 30, Check applicable guidelines)	+		
g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+		
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)			
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)			0.27
= Total Mileage Depreciation	+		0.00
<b>Subtotal Schedule C</b>	=		<b>66,270.00</b>



## d. Depreciation (Line 13)

+

<b>13</b>	Depreciation and section 179 expense deduction (not included in Part III) (see instructions). . . . .	<b>13</b>	3,120.
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<b>3</b>	<b>Schedule C - Profit or Loss from Business: Sole Proprietorship</b>		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>69,390.00</b>

## e. Non-deductible Meals and Entertainment Expenses (Line 24b)

—

<b>24</b>	Travel and meals:		
<b>a</b>	Travel . . . . .	<b>24a</b>	7,855.
<b>b</b>	Deductible meals (see instructions) . . . . .	<b>24b</b>	1,172.

<b>3</b>	<b>Schedule C - Profit or Loss from Business: Sole Proprietorship</b>		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>68,218.00</b>



# Schedule C Meals

## **Business meal expenses.**

You can deduct a percentage of the actual cost of a meal if the following conditions are met.

The meal expense was an ordinary and necessary expense in carrying on your trade or business;

The expense was not lavish or extravagant under the circumstances;

You or your employee was present at the meal;

The meal was provided to a current or potential business customer, client, consultant, or similar business contact; and

In the case of food or beverages provided during or at an entertainment event, the food and beverages were purchased separately from the entertainment, or the cost of the food and beverages was stated separately from the cost of the entertainment on one or more bills, invoices, or receipts.

[www.irs.gov](http://www.irs.gov)

# Schedule C Meals

## **Amount of deduction.**

In most cases, you can deduct only 50% of your business meal expenses, including meals incurred while away from home on business. However, for individuals subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to 80% for business meals consumed during, or incident to, any period of duty for which those limits are in effect. Individuals subject to the DOT hours of service limits include the following.

Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations.

Interstate truck operators who are under DOT regulations.

Certain merchant mariners who are under Coast Guard regulations.

However, you can fully deduct meals and incidentals furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You also can fully deduct meals and incidentals provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-NEC. See Pub. 535 for details and other exceptions.

[www.irs.gov](http://www.irs.gov)

f. Business Use of Home (Line 30, Check applicable guidelines)

+

**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**

28,555

***Let's review the worksheet...***

# 8829 Business Use of Home

<b>Form 8829</b> Department of the Treasury Internal Revenue Service (99)	<b>Expenses for Business Use of Your Home</b> ▶ File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year. ▶ Go to <a href="http://www.irs.gov/Form8829">www.irs.gov/Form8829</a> for instructions and the latest information.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2020</div> Attachment Sequence No. 176
Name(s) of proprietor(s) <b>Dan Designer</b>		Your social security number XXX-XX-XXXX

Part I Part of Your Home Used for Business		Interior Design
1	Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions)	2,225
2	Total area of home	6,000
3	Divide line 1 by line 2. Enter the result as a percentage	37.08 %
For daycare facilities not used exclusively for business, go to line 4. All others, go to line 7.		

Part II Figure Your Allowable Deduction			
8	Enter the amount from Schedule C, line 29, plus any gain derived from the business use of your home, minus any loss from the trade or business not derived from the business use of your home. See instructions.	8	94,825.
See instructions for columns (a) and (b) before completing lines 9-22.			
9	Casualty losses (see instructions)	9	8,250.
10	Deductible mortgage interest (see instructions)	10	23,111.
11	Real estate taxes (see instructions)	11	18,400.
12	Add lines 9, 10, and 11	12	41,511.
13	Multiply line 12, column (b), by line 7	13	15,392.
14	Add line 12, column (a), and line 13	14	23,642.
15	Subtract line 14 from line 8. If zero or less, enter -0-	15	71,183.
16	Excess mortgage interest (see instructions)	16	
17	Excess real estate taxes (see instructions)	17	
18	Insurance	18	3,909.
19	Rent	19	
20	Repairs and maintenance	20	1,877.
21	Utilities	21	7,855.
22	Other expenses (see instructions)	22	7.
23	Add lines 16 through 22	23	19,611.
24	Multiply line 23, column (b), by line 7	24	7,211.
25	Carryover of prior year operating expenses (see instructions)	25	
26	Add line 23, column (a), line 24, and line 25	26	
27	Allowable operating expenses. Enter the smaller of line 15 or line 26	27	
28	Limit on excess casualty losses and depreciation. Subtract line 27 from line 15	28	
29	Excess casualty losses (see instructions)	29	
30	Depreciation of your home from line 42 below	30	4,016.
31	Carryover of prior year excess casualty losses and depreciation (see instructions)	31	
32	Add lines 29 through 31	32	
33	Allowable excess casualty losses and depreciation. Enter the smaller of line 28 or line 32	33	
34	Add lines 14, 27, and 33	34	
35	Casualty loss portion, if any, from lines 14 and 33. Carry amount to Form 4684. See instructions	35	
36	Allowable expenses for business use of your home. Subtract line 35 from line 34. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions.	36	28,555.

Part III Depreciation of Your Home		
37	Enter the smaller of your home's adjusted basis or its fair market value. See instructions	376,000.
38	Value of land included on line 37	
39	Basis of building. Subtract line 38 from line 37	376,000.
40	Business basis of building. Multiply line 39 by line 7	139,421.
41	Depreciation percentage (see instructions)	2.5641 %
42	Depreciation allowable (see instructions). Multiply line 40 by line 41. Enter here and on line 30 above	4,016.

Part IV Carryover of Unallowed Expenses to 2021		
43	Operating expenses. Subtract line 27 from line 26. If less than zero, enter -0-	0.
44	Excess casualty losses and depreciation. Subtract line 33 from line 32. If less than zero, enter -0-	0.

For Paperwork Reduction Act Notice, see your tax return instructions.	BAA	REV 02/15/21 TTW
		Form <b>8829</b> (2020)

# Income Analysis Form 1084

<b>3</b>	<b>Schedule C - Profit or Loss from Business: Sole Proprietorship</b>		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	28,555.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>96,773.00</b>

g. Amortization/Casualty Loss (Only add back Amort/CL -  
Review Schedule C Page 2, Part V\*)

+

Part II Expenses. Enter expenses for business use of your home <b>only</b> on line 30.							
8	Advertising . . . . .	8	17,999.	18	Office expense (see instructions)	18	17,555.
9	Car and truck expenses (see instructions). . . . .	9	25,082.	19	Pension and profit-sharing plans . . . . .	19	
10	Commissions and fees . . . . .	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11	48,122.	a	Vehicles, machinery, and equipment	20a	
12	Depletion . . . . .	12		b	Other business property . . . . .	20b	22,700.
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions). . . . .	13	3,120.	21	Repairs and maintenance . . . . .	21	
14	Employee benefit programs (other than on line 19). . . . .	14		22	Supplies (not included in Part III) . . . . .	22	6,599.
15	Insurance (other than health)	15	3,100.	23	Taxes and licenses . . . . .	23	1,750.
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel . . . . .	24a	7,855.
b	Other . . . . .	16b	1,444.	b	Deductible meals (see instructions) . . . . .	24b	1,172.
17	Legal and professional services	17	17,660.	25	Utilities . . . . .	25	
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	13,929.
				b	Reserved for future use . . . . .	27b	

***Line 27a reveals there are other expenses, let's review page 2...***

# Income Analysis Form 1084

<b>Part V Other Expenses.</b> List below business expenses not included on lines 8–26 or line 30.	
gifts	8,000.
Printing	4,579.
Magazines	250.
Dues	1,100.
<b>48 Total other expenses.</b> Enter here and on line 27a . . . . .	<b>48</b> 13,929.

**May say- Statement #**

***This section may indicate that the “other” expenses have been itemized on a statement.***

# Income Analysis Form 1084

<b>3</b>	<b>Schedule C - Profit or Loss from Business: Sole Proprietorship</b>		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	28,555.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	0.00
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	<b>Subtotal Schedule C</b>	=	<b>96,773.00</b>



Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
= Total Mileage Depreciation	+	0.00

***If the customer has entered expenses on Line #9 they will have an entry on Part IV or a 4562 will be attached.***

<b>Part II Expenses.</b> Enter expenses for business use of your vehicle			
8	Advertising . . . . .	8	17,999.
9	Car and truck expenses (see instructions). . . . .	9	25,082.

**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.

43 When did you place your vehicle in service for business purposes? (month/day/year) ▶ \_\_\_\_\_

44 Of the total number of miles you drove your vehicle during 2020, enter the number of miles you used your vehicle for:

a Business \_\_\_\_\_ b Commuting (see instructions) \_\_\_\_\_ c Other \_\_\_\_\_

45 Was your vehicle available for personal use during off-duty hours? . . . . . ☐ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? . . . . . ☐ Yes ☐ No

47a Do you have evidence to support your deduction? . . . . . ☐ Yes ☐ No

b If "Yes," is the evidence written? . . . . . ☐ Yes ☐ No

***Let's look for the 4562...***

**Form 4562** **Depreciation and Amortization** (Including Information on Listed Property)  
OMB No. 1545-0172  
**2020**  
Attachment Sequence No. 179

Department of the Treasury Internal Revenue Service (99)  
Name(s) shown on return Dan Designer  
Business or activity to which this form relates Sch C Interior Design  
Identifying number XXX-XX-XXXX

**Part I Election To Expense Certain Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions) **1** 1,040,000  
2 Total cost of section 179 property placed in service (see instructions) **2** 3,976  
3 Threshold cost of section 179  
4 Reduction in limitation. Subtra  
5 Dollar limitation for tax year, separately, see instructions

**Part II Special Depreciation**  
12 Special depreciation allowan during the tax year. See instru  
15 Property subject to section 16  
16 Other depreciation (including /

**Part III MACRS Depreciation**  
17 MACRS deductions for assets  
18 If you are electing to group al asset accounts, check here

**Section B—Assets**  
(a) Classification of property (b) Month and placed in service  
19a 3-year property  
b 5-year property  
c 7-year property  
d 10-year property  
e 15-year property  
f 20-year property  
g 25-year property  
h Residential rental property  
i Nonresidential real property

**Section C—Assets Pl**  
20a Class life  
b 12-year  
c 30-year  
d 40-year

**Part IV Summary** (See instructions.)  
21 Listed property. Enter amount from line 28 **21**

**Part V Listed Property** (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)  
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions.)**  
24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)
2018 Mercedes Benz GLS	01/01/2018	83.11 %		
		%		
		%		
		%		

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions.

26 Property used more than 50% in a qualified business use:  
2018 Mercedes Benz GLS 01/01/2018 83.11 %

27 Property used 50% or less in a qualified business use:  
S/L -  
S/L -  
S/L -

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 **28**  
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 **29**

**Section B—Information on Use of Vehicles**  
Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles)	13,020					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven	2,646					
33 Total miles driven during the year. Add lines 30 through 32	15,666					
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?	X					
36 Is another vehicle available for personal use?	X					

**Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees**  
Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who aren't more than 5% owners or related persons. See instructions.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? **Yes** **No**  
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners **Yes** **No**  
39 Do you treat all use of vehicles by employees as personal use? **Yes** **No**  
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? **Yes** **No**  
41 Do you meet the requirements concerning qualified automobile demonstration use? See instructions. **Yes** **No**

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

**Part VI Amortization**  
(a) Description of costs (b) Date amortization begins (c) Amortizable amount (d) Code section (e) Amortization period or percentage (f) Amortization for this year

42 Amortization of costs that begins during your 2020 tax year (see instructions):  
43 Amortization of costs that began before your 2020 tax year **43**  
44 Total. Add amounts in column (f). See the instructions for where to report **44**

REV 12/16/21 TTW Form 4562 (2020)

Form 4562 (2020)

**Part V Listed Property** (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)  
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions.)**  
24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)
2018 Mercedes Benz GLS	01/01/2018	83.11 %		
		%		
		%		
		%		

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions.

26 Property used more than 50% in a qualified business use:  
2018 Mercedes Benz GLS 01/01/2018 83.11 %

27 Property used 50% or less in a qualified business use:  
S/L -  
S/L -  
S/L -

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 **28**  
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 **29**

**Section B—Information on Use of Vehicles**  
Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2
30 Total business/investment miles driven during the year (don't include commuting miles)	13,020	
31 Total commuting miles driven during the year		
32 Total other personal (noncommuting) miles driven	2,646	

Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
= Total Mileage Depreciation	+	0.00

Part II Expenses. Enter expenses for business use of you			
8	Advertising . . . . .	8	17,999.
9	Car and truck expenses (see instructions). . . . .	9	25,082.

***If the customer has entered expenses on Line #9 they will have an entry on Part IV or a 4562 will be attached.***

<b>Form 4562</b> Department of the Treasury Internal Revenue Service (99)		<b>Depreciation and Amortization</b> (Including Information on Listed Property) ▶ Attach to your tax return. ▶ Go to <a href="http://www.irs.gov/Form4562">www.irs.gov/Form4562</a> for instructions and the latest information.		OMB No. 1545-0172 <b>2020</b> Attachment Sequence No. <b>179</b>
Name(s) shown on return Dan Designer		Business or activity to which this form relates Sch C Interior Design		Identifying number XXX-XX-XXXX



<b>30</b>	Total business/investment miles driven during the year (don't include commuting miles) .	(a) Vehicle 1 13,020
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***If the borrower has a 4562 with related vehicle expenses, there is a Schedule C Car & Truck Worksheet. However, it is NOT included in the clients copy. The detailed copy typically is the tax preparer's files only. The Worksheet will give you the line itemized expenses totaling the line #9 amount.***

# Income Analysis Form 1084

3 Schedule C - Profit or Loss from Business: Sole Proprietorship			
a. Net Profit or Loss (Line 31)	+/-		66,270.00
b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-		0.00
c. Depletion (Line 12)	+		0.00
d. Depreciation (Line 13)	+		3,120.00
e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		1,172.00
f. Business Use of Home (Line 30, Check applicable guidelines)	+		28,555.00
g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+		0.00
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)			13,020.00
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)			0.27
= Total Mileage Depreciation	+		3,515.40
<b>Subtotal Schedule C</b>	=		<b>100,288.40</b>

Subtotal Schedule C	=	100,288.40	0.00
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***If a two-year average must be considered you must complete both years.***

## Income Trending

- After the monthly year-to-date income amount is calculated, it must be compared to prior years' earnings using the borrower's W-2's or signed federal income tax returns (or a standard Verification of Employment completed by the lender or third-party employment verification vendor)
  - If the trend in the amount of income is stable or increasing, the income amount should be averaged
  - If the trend was declining, but has since stabilized and there is no reason to believe that the borrower will not continue to be employed at the current level, the current, lower amount of variable income must be used
  - If the trend is declining, the income may not be stable. Additional analysis must be conducted to determine if any variable income should be used, but in no instance may it be averaged over the period when the declination occurred

# Self-Employment Fannie Mae

The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income.

The lender may use Form 1084 or any other type of cash flow analysis, including automated tools, that applies the same principles as Fannie Mae's form.

A copy of the written analysis must be included as part of any loan application package that the lender submits to Fannie Mae for a mortgage that is selected for a post-purchase quality control review.

The lender may use a Fannie Mae-approved vendor tool to complete the written analysis and calculate self-employment income. The lender may receive representation and warranty enforcement relief of the calculated amount if certain requirements are met. See A2-2-04, Limited Waiver and Enforcement Relief of Representations and Warranties for Mortgages Submitted to DU and Fannie Mae's website for the list of [Approved Vendor Tools](#).

<https://selling-guide.fanniemae.com/>

**Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)**



# Fannie Mae LL-2021-03

**Effective for applications taken June 11, 2020 and until further notice**

## Income Analysis

Self-employment income is variable in nature and generally subject to changing market and economic conditions. Whether a business is impacted by an adverse event, such as COVID-19, and the extent to which business earnings are impacted can depend on the nature of the business or the demand for products or services offered by the business. Income from a business that has been negatively impacted by changing conditions is not necessarily ineligible for use in qualifying the borrower. However, the lender is required to determine if the borrower's income is stable and has a reasonable expectation of continuance.

Due to the pandemic's continuing impact on businesses throughout the country, lenders are now required to obtain the following additional documentation to support the decision that the self-employment income meets our requirements:

- an audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or
- an unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and three business depository account(s) statements no older than the latest three months represented on the year-to-date profit and loss statement.
  - For example, the business depository account statements can be no older than Aug, Sep, Oct. for a year-to-date profit and loss statement dated through Oct. 31.
  - The lender must review the three most recent depository account statements to support the level of business revenue reported in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the on-going nature of business revenue reported in the current year-to-date profit and loss statement.

**NOTE:** *The year-to-date profit and loss statement must be no older than 60 days old as of the note date consistent with current [Age of Documentation](#) requirements below.*

# Fannie Mae LL-2021-03

**Effective for applications taken June 11, 2020 and until further notice**

Lenders must review the profit and loss statement, and business depository accounts if required, and other relevant factors to determine the extent to which a business has been impacted by COVID-19. The lender can use the following guidance when performing the assessment of business operations and stability and must complete the business income assessment based on the minimum additional documentation above. In some instances, the lender may find it necessary to obtain supplemental documentation listed in the examples below.

Assessing the Impact of COVID-19	
<b>Business operations</b>	<ul style="list-style-type: none"><li>▪ Have business operations been maintained or modified to support continued business income? <i>For example, review an updated business plan.</i></li><li>▪ Is the business continuing to operate in the current location or an alternate location suitable for business operations? <i>For example, perform an Internet search or verify through a third-party source.</i></li><li>▪ Is there a demand for the product or service currently offered by the business? <i>For example, obtain current business receipts or purchase contracts.</i></li><li>▪ Is the business operation and/or revenue temporarily restricted due to state shelter in place, stay at home or other similar state or local orders?</li><li>▪ Is the impact to the business operations negligible due to the nature of the business? <i>For example, obtain a written explanation from the business owner or confirmation that income is seasonal apart from the event timeline.</i></li></ul>



# Fannie Mae LL-2021-03

Effective for applications taken June 11, 2020 and until further notice

<b>Business Income</b>	<p>The lender must complete a business income assessment by comparing the year-to-date net business income from the year-to-date profit and loss statement to historical business income calculated using the <i>Cash Flow Analysis</i> (Form 1084)* for a similar timeframe (such as monthly).</p> <ul style="list-style-type: none"><li>▪ Lenders can make standard adjustments to business cash flow (net income on the profit and loss statement) in accordance with <a href="#">B3-3.4-04</a>, Analyzing Profit and Loss Statements when making this determination.</li><li>▪ When the lender determines net business income is impacted, but profit and loss details are not sufficient to determine the income is stable at the reduced level, the lender can obtain additional documentation to supplement the profit and loss statement (such as a month-to-month income trending analysis) to make this determination. If stability cannot be confirmed, the income is not eligible for qualifying purposes. See <a href="#">B3-3.1-01</a>, General Income Information for details.</li></ul> <p><b>Example</b></p> <p>Historical monthly self-employment income calculated using Form 1084 = \$2,000</p> <p>Current level of stable monthly self-employment income as determined by the lender using details from the year-to-date profit and loss statement and other supplemental documentation = \$1,000</p> <p>The impact of the COVID 19 pandemic on current business income results in a 50% decline from historical levels. See <a href="#">Business Income Calculation Adjustment</a> below for next steps.</p> <p>*Form 1084 or any other type of cash flow analysis form that applies the same principles.</p>
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# Fannie Mae LL-2021-03

Effective for applications taken June 11, 2020 and until further notice

<b>Business Stability</b>	<ul style="list-style-type: none"><li>▪ Does the profit and loss identify a significant imbalance between expenses and revenue that may impact financial stability? Or have modifications to current business operations been made to correct this imbalance? (Consider documenting with an updated business plan)</li><li>▪ Do prior year business tax returns demonstrate ample financial liquidity due to a history of retained earnings?</li><li>▪ Do current business account balances (excluding Paycheck Protection Program (PPP) or other similar COVID-19 related loans or grants) support the financial ability of the business to operate given current market and economic conditions?</li></ul> <p>A current balance sheet may be used to support the lender's determination of business stability, in conjunction with the profit loss statement.</p>
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# Fannie Mae LL-2021-03

Effective for applications taken June 11, 2020 and until further notice

## Business Income Calculation Adjustment

When the lender determines current year net business income has been impacted by the COVID-19 pandemic and is

- less than the historical monthly income calculated using Form 1084, but is stable at its current level, the lender must reduce the amount of qualifying income calculated using Form 1084 to no more than the current level of stable income as determined by the lender (see Business Income above).
- more than the historical income calculated using Form 1084, the lender must use no more than the currently stable level of income calculated using Form 1084 to qualify the borrower.

In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender.

# Business Income Calculation Adjustment

**Effective for applications taken June 11, 2020 and until further notice**

## **Business Income Calculation Adjustment**

When the lender determines current year net business income has been impacted by the COVID-19 pandemic and is

- less than the historical monthly income calculated using Form 1084, but is stable at its current level, the lender must reduce the amount of qualifying income calculated using Form 1084 to no more than the current level of stable income as determined by the lender (see Business Income above).
- more than the historical income calculated using Form 1084, the lender must use no more than the currently stable level of income calculated using Form 1084 to qualify the borrower.


In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender.

LL-2021-03

# The Process

## Use the P & L Calculator to Adjust the Income From the P & L

- Click on tab for type of business you are reviewing




### Form 1065 and 1120S P & L Review


COVID-19 Guidance Resource

P & L Net Income	+/-	
Depreciation	+	
Depletion	+	
Amortization	+	
Non-recurring Casualty Loss	+	
Non-recurring Income	-	
Other	-	
P & L Business Sub-total	=	\$0.00
% of Ownership from K-1	%	
Total Net Business Income*	=	\$0.00

\*Lenders may want to consider current business liquidity/solvency before consideration of business income

Schedule C & F**Form 1065 & 1120S**Form 1120(+)

# Business Stability And Income Worksheet



## Business Stability and Income Review Worksheet & UW Certification

### COVID-19 Guidance Resource

Lender Loan #:

Borrowers Name:

Business Name:

Tax form:  (1065/1120S/1120/Schedule C/Schedule F)

Income Assessment comparing YTD net business income from the year to date P&L statement to historical business income

Cash Flow Analysis for tax returns provided in file

Year(s) used for qualifying income  Select option that corresponds to Year/Years used for Total Qualifying Income from Business (for example - 2019 \*if 2019 was used for qualifying purposes, o

Total Net Business Income  \*This amount should be the Total Business Income you calculated for that individual business per Self-Employed Cash Flow Analysis Form in file

W2 Earnings from business  \*This should be Borrower's W2 Earnings from the associated Business if applicable

Historical Business Income used to Qualify:  \$0.00 Based on Self-Employed Cash Flow Analysis Form in file - \*this amount should correspond with Total New Business Income above (B15 + B16) / 12 months

2020 YTD P&L - **\*Make sure to complete a Cash Flow Analysis of the Business P&L, then transfer applicable figures to this worksheet**

Total Net Business Income

W2 Earnings/guaranteed payments from business

Number of Months Covered  Period ending date of P&L (Enter Month/Day/Year)

Net Income / Number of Months Covered  #DIV/0!

Business Income Calculation Adjustment when the lender determines current year net business income has been impacted by Covid19

**#DIV/0!**

1)If current business income impacted by Covid19 is less than historical monthly income calculated using the Form 1084/91 Cash Flow Analysis, but is stable at its current level, reduce the amount of qualifying income calculated on the Cash Flow Analysis to no more than the current level of stable income as determined by the business income adjustments

2)If current business income impacted by Covid19 is more than the historical income calculated using the Form 1084/91 Cash Flow Analysis, no more than the current stable level of income calculated using Form 1084 can be used to qualify the borrower

***This amount is lessor of Scenario 1 & 2 for qualifying- However, IF income is NOT stable, NO income can be used to qualify***

LINKS to Fannie Mae / Freddie Mac Bulletins for details on how to Assess the Impact of COVID-19 on Business:

[LINK to Fannie Mae Bulletin for additional details](#)

[LINK to Freddie Mac Bulletin for additional details](#)

Continued on next slide

# Business Stability And Income Worksheet

## Confirm the following to Assess the Impact of COVID-19 to Business Operation:

Have business operations been maintained or modified to support continued business income? (Yes, No, N/A)  
 Is the business continuing to operate in the current location or an alternate location suitable for business operations?  
 Is there a demand for the product or service currently offered by the business?  
 Is the business operation and/or revenue temporarily restricted due to state shelter in place, stay at home or other similar state or local order?  
 Is the impact to the business operations negligible due to the nature of the business?

## Confirm the following to Assess the Impact of COVID-19 to Business Stability:

Does the P&L identify a significant imbalance between expenses and revenue that may impact financial stability? Or have modifications to current business operations been made to correct this imbalance? (Yes, No, N/A)  
 Do prior years business tax returns demonstrate ample financial liquidity due to a history of retained earnings?  
 Do current business account balances (excluding Paycheck Protection Program) PPP or other similar Covid19 related loans or grant(s) impact the financial ability of the business to operate given current market and economic conditions?

## BUSINESS ASSETS REVIEWED: \*Only required if Unaudited P&L or Additional Documentation is required

Month One		Month Two	
Bank Name:		Bank Name:	
Beginning Balance		Beginning Balance	
Deposits		Deposits	
Debits and Checks		Debits and Check	
Ending Balance		Ending Balance	

Month One		Month Two	
Bank Name:		Bank Name:	
Beginning Balance		Beginning Balance	
Deposits		Deposits	
Debits and Checks		Debits and Check	
Ending Balance		Ending Balance	

Month One		Month Two	
Bank Name:		Bank Name:	
Beginning Balance		Beginning Balance	
Deposits		Deposits	
Debits and Checks		Debits and Check	
Ending Balance		Ending Balance	

**Reminder:** Any Paycheck Protection Program (PPP) Funds or other similar COVID-19 related loans or grants must be excluded from Deposits and Qualifying Balance

Confirm business is depositing sufficient funds to support income used in qualifying

I certify that I have reviewed the required documentation and validated that the income from all qualifying businesses is acceptable to proceed

\_\_\_\_\_  
 Underwriter Name Date

We offer this calculator to help you with calculating and analyzing purposes.

This calculator provides suggested guidance only and does not replace Lender, Investor or GSE instructions or applicable guidelines.

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# Genworth Underwriting Guidelines



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# Training Tools and Information

## Course Catalog

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Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 100 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you. [View a full list of courses here.](#)

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<b>Fannie Mae Form 1084 Calculator (2019-2020)</b> Calculate and analyze cash flow to help you complete Fannie Mae form 1084. <span>UPDATED</span>	<b>Fannie Mae Form 1084 Calculator XLS (2019-2020)</b> Calculate and analyze cash flow to help you complete Fannie Mae form 1084. <span>UPDATED</span>	<b>Freddie Mac Form 91 Calculator (2019-2020)</b> Quick reference guide and income analysis for Freddie Mac Form 91. <span>UPDATED</span>
<b>Freddie Mac Form 92 Calculator (2019-2020)</b> Form 92 Net Rental Income Calculations - Schedule E. <span>UPDATED</span>	<b>Schedule Analysis Method (SAM) Calculator (2019-2020)</b> Calculate qualifying income from tax returns. <span>UPDATED</span>	<b>Rental Income Calculator (2019-2020)</b> Assists in calculating rental income from IRS form 1040 Schedule E. <span>UPDATED</span>
<b>Current Ratio - Liquidity Calculator (2019-2020)</b> Calculate working capital liquidity against current liabilities. <span>UPDATED</span>	<b>Quick Ratio - Liquidity Calculator (2019-2020)</b> Calculate an organization's liquidity against current liabilities. <span>UPDATED</span>	<b>Fannie Mae Rental Guide (Calculator 1037)</b> Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property)
<b>Fannie Mae Rental Guide Calculator (1038)</b>	<b>Fannie Mae Rental Guide (Calculator 1039)</b> Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property)	<b>Fannie Mae Form 1088 Cheat Sheet</b> Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088)
<b>Fannie Mae Comparative Analysis Form 1088</b> Calculate increases/decreases in gross income, expenses and taxable income.	<b>Income Calculation Worksheet</b> Use this form to calculate income. <span>UPDATED</span>	<b>P&amp;L Calculator</b> Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic.
<b>Business Stability and Income Worksheet (2021)</b> Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic. <span>UPDATED</span>		

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Tips and tools to help you get up to speed on the softer skills of being an LO.

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- For New LOs!
- Watch Now!
- March Training Offerings
- Underwriting Resources

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Tips, tools, and more!

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## Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.



Fannie Mae Form 1084 Calculator  
(2019-2020)



Freddie Mac Form 91 Calculator  
(2019-2020)



Freddie Mac Form 92 Calculator  
(2019-2020)



Schedule Analysis Method (SAM)  
Calculator (2019-2020)



Rental Income Calculator (2019-  
2020)

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What's the difference between financing concessions and sales concessions? Seller contribution vs seller concession? What about an interested party contributions? In today's #blog post, we're clearing up these definitions. Read it here >>  
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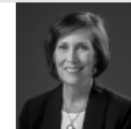
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ZIP Code 27614

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**Vann Holland**  
Inside Sales Representative  
919 846,4269 |  
Vann.Holland@genworth.com

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**Bob Szarek**  
Regional Vice President  
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Robert.Szarek@genworth.com

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- **Your Local Genworth  
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- **Your Genworth Sales  
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