

Self-Employment Tax Organizer (SETO) Tax Year _____

For Self Employed Businesses and/or Independent Contractors

Complete a separate SETO for each business operated

What's New in 2022

Due to the pandemic and public health concerns, all tax help will be done using the drop-off method. Financial services will be done virtually and based on taxpayer's interest. Documents may need to be downloaded, mailed or dropped off to us.

New for the self-employed, Form 1099-NEC (Nonemployee Compensation) has replaced Form-MISC (Miscellaneous income).

Introduction

The SETO is based on *Schedule C, Profit or Loss from a Business or Service*. Use this tool to record your income and expenses from just your self-employment.

Eligibility

- Total annual household income of \$60,000 or less (gross income from all sources).
- Sole proprietors, independent contractors, and single member LLC's only.
- We do not prepare returns for corporations, partnerships, businesses with employees, taxi drivers, clergy, day traders or returns with income from rental property.

Filling out the form

- Use your documents to fill out the organizer with only your self-employment income and expenses. The organizer has different sections and not all apply to your business. Use actual amounts; do not round off. Do not list income from W-2s on the organizer.
- If you do not find a category for an expense feel free to write it in the "other" category and let us know what it is.

Useful tools

Check out [irs.gov](https://www.irs.gov) for useful tools and videos. Key words: small biz and irsvideos.gov.

We must have proof of your Social Security number (and everyone else on the return) by way of a Social Security card, digital image of it, a previous year's return, or a document from the IRS or Social Security Administration.

You do not need to bring supporting documentation to your appointment: Invoices, receipts, bank or credit card statements, and mileage logs, but do keep them for your records.

Out-of-Scope: For these situations we are not certified to complete your return —you are better off serviced by a paid preparer.

- expenses over \$35,000
- Carried an inventory.
- Business had a loss for year.
- had paid employees.
- Business Use of home
- rental/lease equipment >30 days
- mortgage interest for business
- Health insurance (not through employer, spouse, government)
- Receives rental income (Schedule E)
- Large purchases that require depreciation

Documents required for your tax drop-off packet.

- The organizer must be included and complete before we will start your return.
- Photo ID for taxpayer (and spouse if filing jointly). Both spouses must take part in the Quality Review and Close out prior to transmission.
- Social Security card or Individual Taxpayer Identification Number (ITIN) card/letter for all persons listed on the return.
- EIN if business operates under a separate employer identification number.
- Birthdate for all persons listed on the return.
- Income statements or forms: W-2, 1099-NEC, and any other tax or income source document.
- Copy of last year's return – this is important for self-employed taxpayers as it may have needed information about business or service.
- For direct deposit – bank name, routing and account information.

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BASIC INFORMATION

Business name: _____
(If no separate business name, leave blank)

Business Address: _____

Business City, State, Zip: _____

Business or Profession: _____

Business Telephone: _____

Business Start Date: MM/DD/YYYY: _____

INCOME – FROM SELF-EMPLOYMENT ONLY

| | |
|---|-----------|
| Forms 1099-NEC | \$ |
| Form 1099-K | \$ |
| Total cash, checks, and credit card payments (to you) | \$ |
| Other income – prizes, awards, or taxable business grants | \$ |
| Total Gross Income | \$ |

Keep separate business accounts to simplify your finances and your deposits into these accounts should match (or come close to) your total gross income.

ESTIMATED TAX PAYMENTS MADE

| | |
|---|--|
| Did you pay estimated tax payments to the IRS or Wisconsin Department of Revenue for tax year 2020? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, how much? | IRS \$ WIDOR \$ |

EXPENSES

| | | | |
|------------------------------|----|--|----|
| Advertising | \$ | Legal & professional fees | \$ |
| Contract labor | \$ | Office supplies (paper, toner, etc.) | \$ |
| Commissions & fees | \$ | Rent of space or equipment | \$ |
| Health insurance premiums | \$ | Repairs & maintenance -equipment | \$ |
| Business liability insurance | \$ | Other supplies | \$ |
| Business licenses | \$ | Interest –business loan or credit card | \$ |
| Sales tax paid tostate | \$ | Business travel | \$ |
| Business meals | \$ | Utilities (not household) | \$ |

Health insurance premiums in the name of the business or self-employed taxpayer, may be 100% deductible. If you received health insurance through Marketplace, provide Form 1095-A.

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| OTHER EXPENSES | | | |
|---|----|---|----|
| Professional education | \$ | Postage & Freight | \$ |
| Safety equipment or specialized clothing | \$ | Telephone – 2nd land line into home for business only | \$ |
| Dues or publications for professional organizations | \$ | Cell phone annual charges | \$ |
| Parking and tolls | \$ | Cell phone use percentage | % |
| Other- identify | \$ | Cell phone amount for Sch. C | \$ |
| Other- identify | \$ | Other- identify | \$ |
| Other- identify | \$ | Other- identify | \$ |

Don't round off expenses; use an exact amount. Not sure where to list something? Use "Other."

| VEHICLE INFORMATION | |
|--|--|
| Month/day/year vehicle <u>first used for business:</u> / / (The very first time) | |
| Mileage in tax year: business miles _____ business miles between rides _____ commuting miles _____ personal miles _____ total miles _____ | |
| Interest paid on car loan: \$ _____ | |
| Do you (or your spouse) have another vehicle available for personal use? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Was your vehicle available for personal use during off-duty hours? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Do you have evidence to support your deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| If yes, is the evidence in writing? <input type="checkbox"/> Yes <input type="checkbox"/> No | |

Your first trip from home to a work site and last trip from a work site to your home, are considered **commuting miles** (unless you have an office in the home) and are not deductible business miles. **Business miles** are from one work site to another work site and are deductible.

I certify that I have listed all income and all expenses, and I have documentation to support the amounts entered on this worksheet.
 For tax year _____.
 Printed name: _____ Signature: _____ Date _____

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- ✓ **Examples of expenses for Home Health care:** disposable gloves, stethoscope, thermometers, sanitizer, rags, business mileage, tolls, etc.
- ✓ **Examples of supplies for janitorial services:** cleaning supplies like mops, trash bags, chemicals, scrubbers, sponges, air fresheners, gloves, business mileage, tolls, etc.
- ✓ **Examples of supplies/expenses for Uber driver:** air freshener, tolls, parking, car washes, rags, mileage
- ✓ **Examples of expenses for handyman service:** small tools, rags, fasteners, small tools like hammers, saws, etc. (**not being charged to client**), business mileage, tolls.

- ✓ **Meals for Travel and Entertainment :** Meal deductions can be made either within the context of business travel (away from home) or for entertaining a client. When traveling for business, you can deduct up to 50% of the meal expense, which includes sales tax and gratuity. If you are deducting meals as part of entertaining a client, you can still only deduct up to 50% of the cost. In order for the meal to be eligible for a deduction, it must be consumed with at least one client, and the meeting must include business either directly before, during or after the meal is consumed.
- ✓ **Gift expenses.** You can generally deduct up to \$25 of business gifts you give to any one individual during the year.
- ✓ **Entertainment Expense:**
- ✓ **Definitions** • Entertainment includes any activity generally considered to provide entertainment, amusement, or recreation, and includes meals provided to a customer or client. • An ordinary expense is one that is common and accepted in your trade or business. • A necessary expense is one that is helpful and appropriate.
- ✓ **Tests to be met directly related test** • Entertainment took place in a clear business setting, or • Main purpose of entertainment was the active conduct of business, and you did engage in business with the person during the entertainment period, and you had more than a general expectation of getting income or some other specific business benefit. Associated test • Entertainment is associated with your trade or business, and • Entertainment directly before or after a substantial business discussion.
- ✓ **Commuting Mileage is not deductible:**
- ✓ Travel between home and a temporary work location is deductible A temporary work location is any place where you realistically expect to work less than one year. Temporary work locations are not limited to clients' offices. Any place where you perform business-related tasks for less than one year is a temporary work location.
- ✓ **Stopping at a temporary work location converts the entire trip into a deductible travel expense.**
- ✓ Example: Eleanor's business office is in a downtown building. She has no home office. One morning, she leaves home, stops at a client's office to drop off some work, and then goes to her office. The entire trip is deductible because she stopped at a temporary work location on her way to her office.
- ✓ **If your home office will qualify as your principal place of business-** if it is the place where you earn most of your income or perform the administrative or management tasks for your

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practice. You can increase your deductions for business trips with a qualifying home office.

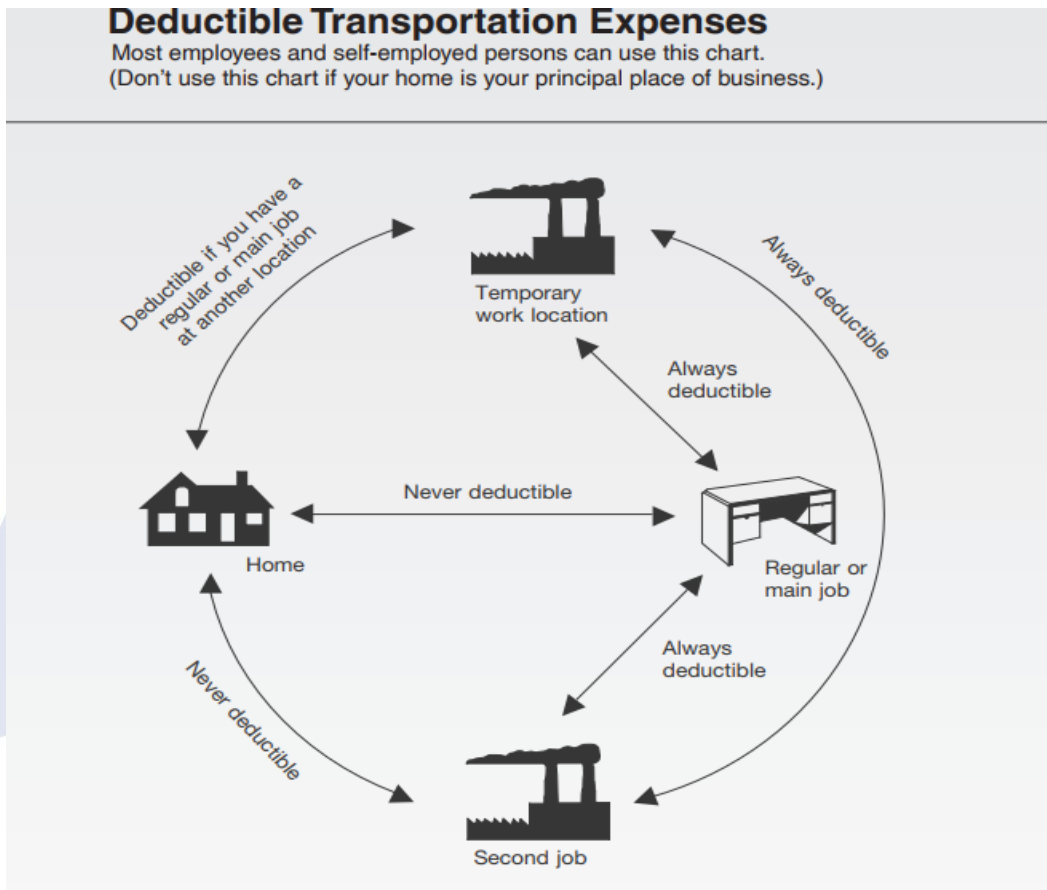
- ✓ **Example:** Kim maintains a home office where she does the administrative work for her business. She also has an outside office where she does her other work. She can deduct all her business trips from her home office. This includes the 20-mile daily trip to her outside office. Thanks to her home office, she can now deduct 100 miles per week as a business trip expense. This was a nondeductible commuting expense before she established her home office.

- ✓ **Allowed Clothing Expenses**

The Internal Revenue Service is relatively clear that you can only expense clothing-related costs that relate to job-specific apparel. Generally speaking, apparel that you can wear as part of your daily nonwork wardrobe is not allowed as a business expense. For instance, if you are a trades person, you could expense your safety work boots and tool belt, but not the T-shirt that you wear to work. Medical professionals can expense their scrubs and nursing shoes, but white athletic shoes would not be an allowed expense. As another example, if you wear a suit for your business, you cannot expense it since you could also wear the suit for an evening out. Assuming that your work-related clothing is an allowed expense, you can also claim the cost of maintaining it, including dry cleaning, and laundering.

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Home: The place where you reside. Transportation expenses between your home and your main or regular place of work are personal commuting expenses.

Regular or main job: Your principal place of business. If you have more than one job, you must determine which one is your regular or main job. Consider the time you spend at each, the activity you have at each, and the income you earn at each.

Temporary work location: A place where your work assignment is realistically expected to last (and does in fact last) one year or less. Unless you have a regular place of business, you can only deduct your transportation expenses to a temporary work location outside your metropolitan area.

Second job: If you regularly work at two or more places in one day, whether or not for the same employer, you can deduct your transportation expenses of getting from one workplace to another. If you don't go directly from your first job to your second job, you can only deduct the transportation expenses of going directly from your first job to your second job. You can't deduct your transportation expenses between your home and a second job on a day off from your main job.