

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) **20XX** U.S. Individual Income Tax Return OMB No. 1545-0074

Your first name and initial: **MIKE** Last name: **SMITH** Your social security number: **315-15-1515**

Home address: **800 E NORTHWEST HWY** Apt. no.: **1090**

City: **PALATINE, IL 60074**

Filing Status: Single

Exemptions: Yourself. Total number of exemptions claimed: **1**

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	
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
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

Federal Owed: \$3,339
IL Owed: \$800

File as a Corporation example*

Form **1040** Department of the Treasury—Internal Revenue Service (99) **20XX** U.S. Individual Income Tax Return OMB No. 1545-0074

Your first name and initial: **MIKE** Last name: **SMITH** Your social security number: **315-15-1515**

Home address: **800 E NORTHWEST HWY** Apt. no.: **1090**

City: **PALATINE, IL 60074**

Filing Status: Single

Exemptions: Yourself. Total number of exemptions claimed: **1**

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	
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
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	
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	0
37	Subtract line 36 from line 22. This is your adjusted gross income	37	20,000

Federal Owed: \$493
IL Owed: \$870

*These examples are for purposes of 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.

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Call to schedule an appointment 224-676-3577



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