GUIDE

Schedule C instructions, line by line

Schedule C reports the profit or loss from a business you run as a sole proprietor or single-member LLC. You list your income, subtract business expenses, and the net profit flows to your Form 1040 for income tax and to Schedule SE for self-employment tax. It's due with your personal return.

QUICK FACTS

- **Who files.** Sole proprietors and single-member LLCs
- **Due.** With your Form 1040, April 15, 2027 for 2026
- **Profit goes to.** Schedule 1 for income tax and Schedule SE

Who files Schedule C?

You file Schedule C (Form 1040) if you run a business on your own and haven't chosen to be taxed as a corporation. That includes freelancers, consultants, gig workers, single-member LLCs and statutory employees. Married couples who run a business together in a non-community property state usually file a partnership return instead, unless they elect a qualified joint venture and each file a Schedule C.

What goes on each part of Schedule C?

PART	WHAT IT COVERS
Top section	Your business name, code, EIN if you have one, and accounting method
Part I: Income	Gross receipts, returns, cost of goods sold and other income
Part II: Expenses	Advertising, car expenses, contract labor, insurance, rent, supplies, travel, meals and more
Part III: Cost of goods sold	Inventory at the start and end of the year, purchases and materials
Part IV: Vehicle	Miles driven for business, if you claim car expenses
Part V: Other expenses	Anything that doesn't fit a line in Part II, listed one by one

Line 31 is your net profit or loss. Profit goes to Schedule 1 of your Form 1040 and to Schedule SE, where self-employment tax is figured if it's $400 or more.

General information, not tax advice for your situation.

Which deductions do owners miss?

- **Home office.** Use Form 8829, or the simplified method at $5 a square foot for up to 300 square feet
- **Business mileage.** 72.5 cents a mile through June 2026 and 76 cents from July 1, with a log
- **Health insurance.** Deducted on Schedule 1, not Schedule C, if no employer plan was available to you
- **Retirement contributions.** A SEP IRA or solo 401(k), also on Schedule 1
- **Equipment.** Section 179 or bonus depreciation on Form 4562
- **Half of your self-employment tax**, also on Schedule 1

What mistakes trigger IRS letters?

The most common is gross receipts that don't match the 1099-NEC and 1099-K forms the IRS received. If a platform reported $40,000 and your Schedule C shows $35,000, expect a CP2000 letter. Report the full amount and back out refunds or personal transactions as separate items. Other trouble spots are round numbers, years of losses, and meals or vehicle costs without records.

Do I need to pay quarterly?

No one withholds tax from Schedule C income. If you expect to owe $1,000 or more, pay estimates in April, June, September and January. Our quarterly tax calculator and self-employment tax calculator show the amounts.

Common questions

Does a single-member LLC file Schedule C?
Yes, unless it elected to be taxed as an S-Corp or C-Corp. The LLC itself doesn't file a separate federal return.

Can I file Schedule C with a loss?
Yes. A real business loss can offset your other income, but the IRS looks closely at years of losses to check that you're running a business, not a hobby.

Do I need an EIN to file Schedule C?
Not always. You need one if you have employees or certain retirement plans. Otherwise you can use your Social Security number.

Is Schedule C-EZ still around?
No. The IRS retired it, so everyone uses Schedule C now.

Want your return done?

One fixed price, agreed before we start. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com

General information, not tax advice for your situation.