



BEACON HILL
FINANCIAL EDUCATORS

51A Middle Street, Newburyport MA 01950

Phone: 800-588-7039 Fax: 877-902-4284

contact@bhfe.com

www.bhfe.com

Course Information

Course Title: Navigating Form 1040 Schedule C #292024

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

CFP® 2 (All states) CFP Board Course ID# 222058; CFP Board sponsor number: 1008.

EA, OTRP 3 IRS: Qualified Sponsor number: *FWKKO*.

CPA: 3 (Accepted in all states)

National Registry of CPE Sponsors ID Numbers: 107615:

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

There is little doubt in the minds of many observers that the world of work—an environment in which a legion of wage earners commute to an employer’s office or worksite to toil from 9 to 5—is changing, and that impression is bolstered by recent studies. Among those studies is a Gallup report titled “[The Gig Economy and Alternative Work Arrangements](#).” The changing nature of work for many taxpayers is likely to have an effect on tax preparers’ need to prepare Schedule C.

The gig economy, an economy characterized by multiple types of alternative work arrangements including independent contractors, online platform workers, contract firm workers, on-call workers, and temporary workers, engages 36% of U.S. workers. Gallup, in its report, also estimates that 29% of all workers in the U.S. have an alternative work arrangement as their primary job.

Whether the strength of the gig economy is due to the flexibility and freedom it affords, the fewer limits on income it exerts compared to being a wage earner or results from some other advantage it offers, it seems clear that, barring a cataclysmic event affecting the economy, the gig economy is here to stay and intent on growing larger with each year. With that growth is the likely growth of tax preparers’ need to be familiar with preparation of Schedule C.

Course Content

Publication/Revision date: 2/15/2024.

Author: Paul J. Winn CLU ChFC

Final exam (online): Fifteen questions (multiple-choice).

Program Delivery Method: Self-Study (NASBA QAS Self-Study/Interactive)

Subject Codes/Field of Study

CFP Board of Standards, Inc., NAPFA: Taxes

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements Program Level

Program Level: CFP Board, NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Instructions for Taking This Course

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- **You must complete this course within one year** of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Course Learning Objectives

Upon completion of this course, you should be able to:

- Identify the types of income reported on Schedule C;
- Determine proprietors' installment sale income when using the installment method;
- Describe the business expenses deductible on Schedule C;
- List the differences between a business and a hobby; and
- Apply the rules governing the deduction for business use of a taxpayer's home.

Copyright 2024 by Paul J. Winn CLU ChFC

ALL RIGHTS RESERVED. NO PART OF THIS COURSE MAY BE REPRODUCED IN ANY FORM OR BY ANY MEANS WITHOUT THE WRITTEN PERMISSION OF THE COPYRIGHT HOLDER.

All materials relating to this course are copyrighted by Paul J. Winn CLU ChFC. Purchase of a course includes a license for one person to use the course materials. Absent specific written permission from the copyright holder, it is not permissible to distribute files containing course materials or printed versions of course materials to individuals who have not purchased the course. It is also not permissible to make the course materials available to others over a computer network, Intranet, Internet, or any other storage, transmittal, or retrieval system. This document is designed to provide general information and is not a substitute for professional advice in specific situations. It is not intended to be, and should not be construed as, legal or accounting advice which should be provided only by professional advisers.

Table of Contents

Course Information	ii
Course Learning Objectives.....	iv
Introduction to the Course	1
Course Learning Objectives	1
Chapter 1 – Elements of Proprietor Income	2
Introduction	2
Learning Objectives.....	2
When is a Taxpayer Considered Self-Employed	2
Schedule C, Profit or Loss from Business	3
Business Income Defined.....	3
Completing Schedule C	3
Gross Receipts or Sales – Line 1.....	4
Statutory Employees.....	4
Installment Sales.....	5
Situations Where the Installment Method Isn't Permitted.....	5
Decisional Factors in Selecting or Rejecting the Installment Method	6
Determining The taxpayer's Installment Sale Total Gain	6
Reporting the Sale on The taxpayer's Tax Return	6
Determining Installment Sale Income	6
Applicable Federal Rate	6
Reporting Interest	7
Determining Recognized Revenue using the Installment Method.....	7
Returns and Allowances – Line 2	8
Cost of Goods Sold (COGS) – Line 4	9
Figuring COGS for Merchant Clients	9
Beginning Inventory - Line 35	9
Purchases - Line 36.....	9
Trade Discounts.....	9
Cash Discounts.....	9
Purchase returns and allowances and Merchandise Withdrawn from Sale	10
Cost of Labor - Line 37	10
Materials and Supplies – Line 38.....	10
Other Costs – Line 39.....	10
Inventory at Year End – Line 41	11
Cost of Goods Sold – Line 42.....	11
Gross Profit – Line 5	11
Other Income – Line 6	11
Gross Income – Line 7	12
Summary.....	12
Chapter 1 Review.....	14
Chapter 2 – Elements of Proprietor Part II Expenses	15
Introduction	15
Learning Objectives.....	15
Business Expenses	15
Completing Schedule C, Part II – Expenses.....	16
Advertising – Line 8	16
Car and Truck Expenses – Line 9.....	16
Commissions and Fees – Line 10	17
Contract Labor – Line 11	17
Depletion – Line 12.....	17
Mineral Property Depletion	18
Cost Depletion	18
Figuring the Cost Depletion Deduction	19
Percentage Depletion.....	20

Depreciation & Section 179 Expense Deduction – Line 13	21
Bonus Depreciation	21
Luxury Auto Depreciation Limits	22
Section 179 Expense Limits	22
Attaching Form 4562	23
Listed property	23
Exception to Listed Property	23
Employee Benefit Programs – Line 14	23
Insurance – Line 15	23
Interest – Line 16	24
Legal and Professional Services – Line 17	25
Office Expenses – Line 18	25
Pension and Profit Sharing Plans – Line 19	25
Rent or Lease of Property or Equipment – Line 20a & 20b	26
Repairs and Maintenance – Line 21	26
Supplies – Line 22	26
Taxes and Licenses – Line 23	26
Travel – Line 24a	27
Deductible Meals – Line 24b	27
Standard Meal Allowance	28
Utilities – Line 25	29
Wages – Line 26	29
Other Expenses – Line 27a	29
Summary	30
Chapter 2 Review	32
Chapter 3 – Business Use of a Home	33
Introduction	33
Learning Objectives	33
Business Use of a Home	33
Methods of Figuring the Home-Office Deduction	33
Actual Expense Method	33
Nature of the Expense	34
Percentage of the Home Used for Business	34
Calculating Percentage of Home Used for Business	34
Deductible Expenses for Home-Office Deduction	34
Expenses Deductible by All Homeowners	34
Expenses Deductible only by Taxpayers Using a Home for Business	35
Deduction Limit	35
Simplified Method	36
Depreciation and Actual Expenses Related to Use of Home not Deductible	36
No Deduction of Actual Expense Carryover for Simplified Method Users	36
Expenses Deductible Irrespective of Business Use	36
Special Rules Applicable to Simplified Method	36
Gross Income Limitation	37
Recordkeeping Requirements	37
Gross Receipts	37
Inventory	37
Expenses	37
Summary	38
Chapter 3 Review	39
Answers to Chapter Review Questions	40
Chapter 1	40
Chapter 2	41
Chapter 3	42
Glossary	43
Index	45