## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## SCHEDULE C (Form 1040)

Department of the Treasury

Internal Revenue Service

## **Profit or Loss From Business**

(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.

► Attach to Form 1040 or 1041. ► See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

2004

Attachment
Sequence No. 09

Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see page C-2 of the instructions) B Enter code from pages C-7, 8, & 9 C Business name. If no separate business name, leave blank. D Employer ID number (EIN), if any F Business address (including suite or room no.) City, town or post office, state, and ZIP code (3) ☐ Other (specify) ► F (1) Cash (2) Accrual Accounting method: G Did you "materially participate" in the operation of this business during 2004? If "No," see page C-3 for limit on losses If you started or acquired this business during 2004, check here Income Part I Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory 1 employee" box on that form was checked, see page C-3 and check here . . . . . . . 2 2 Returns and allowances 3 Subtract line 2 from line 1 4 Cost of goods sold (from line 42 on page 2) 5 5 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3) 6 Gross income. Add lines 5 and 6 7 Part II **Expenses.** Enter expenses for business use of your home **only** on line 30. 19 8 Advertising . . . . . 19 Pension and profit-sharing plans 20 Rent or lease (see page C-5): Car and truck expenses (see 9 20a a Vehicles, machinery, and equipment . page C-3). . . . . . 10 20b **b** Other business property. . 10 Commissions and fees 21 11 11 Contract labor (see page C-4) 21 Repairs and maintenance . 12 22 22 Supplies (not included in Part III) . Depletion 12 23 Taxes and licenses . . . . 23 Depreciation and section 179 13 24 Travel, meals, and entertainment: deduction expense (not 24a a Travel . . included in Part III) (see 13 page C-4) . . . . . **b** Meals and entertainment Employee benefit programs 14 c Enter nondeduct-(other than on line 19). ible amount in-15 15 Insurance (other than health) . cluded on line 24b (see page C-5) . 16a 24d d Subtract line 24c from line 24b a Mortgage (paid to banks, etc.) 16b 25 Other . . . . . . 25 Utilities . . . . . . 26 Wages (less employment credits) . 26 Legal and professional 17 17 27 Other expenses (from line 48 on services . . . page 2) . . . . . . . . 18 Office expense 18 27 28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns . . . . 28 29 Tentative profit (loss). Subtract line 28 from line 7 29 30 30 Expenses for business use of your home. Attach Form 8829 31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. 31 • If a loss, you must go to line 32. If you have a loss, check the box that describes your investment in this activity (see page C-6). • If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 32a All investment is at risk. (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. **32b** Some investment is not • If you checked 32b, you must attach Form 6198. at risk.

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| Par     | t III Cost of Goods Sold (see page C-6)  |              |                       |              |    |
|---------|--|--------------|-----------------------|--------------|----|
| 33      | Method(s) used to value closing inventory: a $\square$ Cost b $\square$ Lower of cost or market c  | : 🗆 o        | ther (attach e        | explanation) |    |
| 34      | Was there any change in determining quantities, costs, or valuations between opening and closing in "Yes," attach explanation  | inventoi<br> | ry? If<br>□ <b>Ye</b> | es 🗆         | No |
| 35      | Inventory at beginning of year. If different from last year's closing inventory, attach explanation  | 35           |                       |              |    |
| 36      | Purchases less cost of items withdrawn for personal use  | 36           |                       |              |    |
| 37      | Cost of labor. Do not include any amounts paid to yourself   | 37           |                       |              |    |
| 38      | Materials and supplies   | 38           |                       |              |    |
| 39      | Other costs  | 39           |                       |              |    |
| 40      | Add lines 35 through 39  | 40           |                       |              |    |
| 41      | Inventory at end of year   | 41           |                       |              |    |
| 42      | Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4   | 42           |                       |              |    |
| Pai     | Information on Your Vehicle. Complete this part only if you are claiming line 9 and are not required to file Form 4562 for this business. See the in C-4 to find out if you must file Form 4562. | ing ca       |                       |              |    |
| 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 2004, enter the number of miles you used your vehicle for:  |              |                       |              |    |
| а       | Business b Commuting c Other   | er           |                       |              |    |
| 45      | Do you (or your spouse) have another vehicle available for personal use?   |              | 🗆 Ye                  | s _          | No |
| 46      | Was your vehicle available for personal use during off-duty hours?   |              | 🗆 Ye                  | s _          | No |
| 47a     | Do you have evidence to support your deduction?  |              | 🗌 Ye                  | s _          | No |
| b       | If "Yes," is the evidence written?   | · ·          | 🗆 Ye                  | s            | No |
| Pal     | Other Expenses. List below business expenses not included on lines 6-20  | OI III       | 0.                    |              |    |
|         |  |              |                       |              |    |
|         |  |              |                       |              |    |
|         |  |              |                       |              |    |
|         |  |              |                       |              |    |
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|         |  |              |                       |              |    |
|         |  |              |                       |              |    |
|         |  |              |                       |              |    |
| <u></u> | Total other expenses. Enter here and on page 1, line 27  | 40           |                       |              |    |