

For Arch MI and Arch MI for Credit Unions

Business Tax Returns 101

An Introduction to Business Tax
Structures, Forms and Cash Flow

an INCOME ANALYSIS course



Legal Disclaimer



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Become Familiar with:

- Basic Business Tax Structures, Forms and Cash Flow.
 - Sole Proprietorships.
 - Partnerships.
 - Limited Liability Companies.
 - S Corporations.
 - Corporations.

Business Entities

Structures and Forms



Self-Employed — Definition

- For mortgage purposes, any individual who has a 25% or greater ownership interest in a business is considered self-employed.



Loan Application

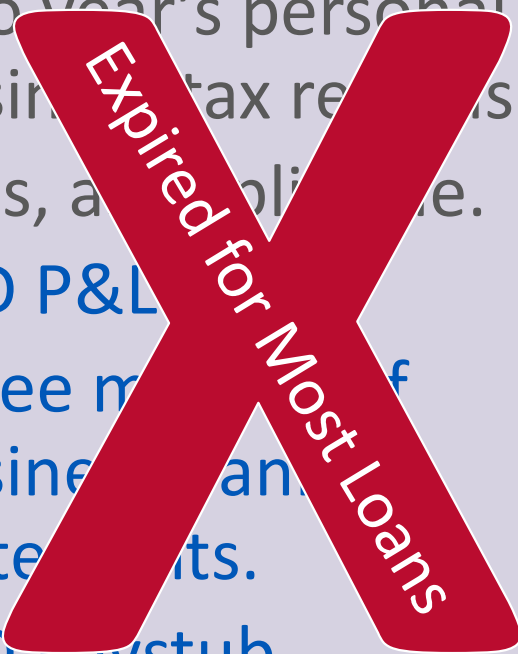


1b. Current Employment/Self Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name _____ Phone (____) ____-____		Gross Monthly Income Base \$ _____/month Overtime \$ _____/month Bonus \$ _____/month Commission \$ _____/month Military Entitlements \$ _____/month Other \$ _____/month TOTAL \$ _____/month
Address _____		
City _____ State _____ Zip _____		
Position or Title _____		
Start Date ____/____/____ (mm/yyyy)		Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
How long in this line of work? ____ Years ____ Months		
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed		<input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.
Monthly Income (or Loss) \$ _____		

General Guidance

- Two year's personal and business tax returns.
- W2s, as applicable.
- YTD P&L *if* required by the investor or deemed necessary by the underwriter.
Recommended by GSEs after 120 days.

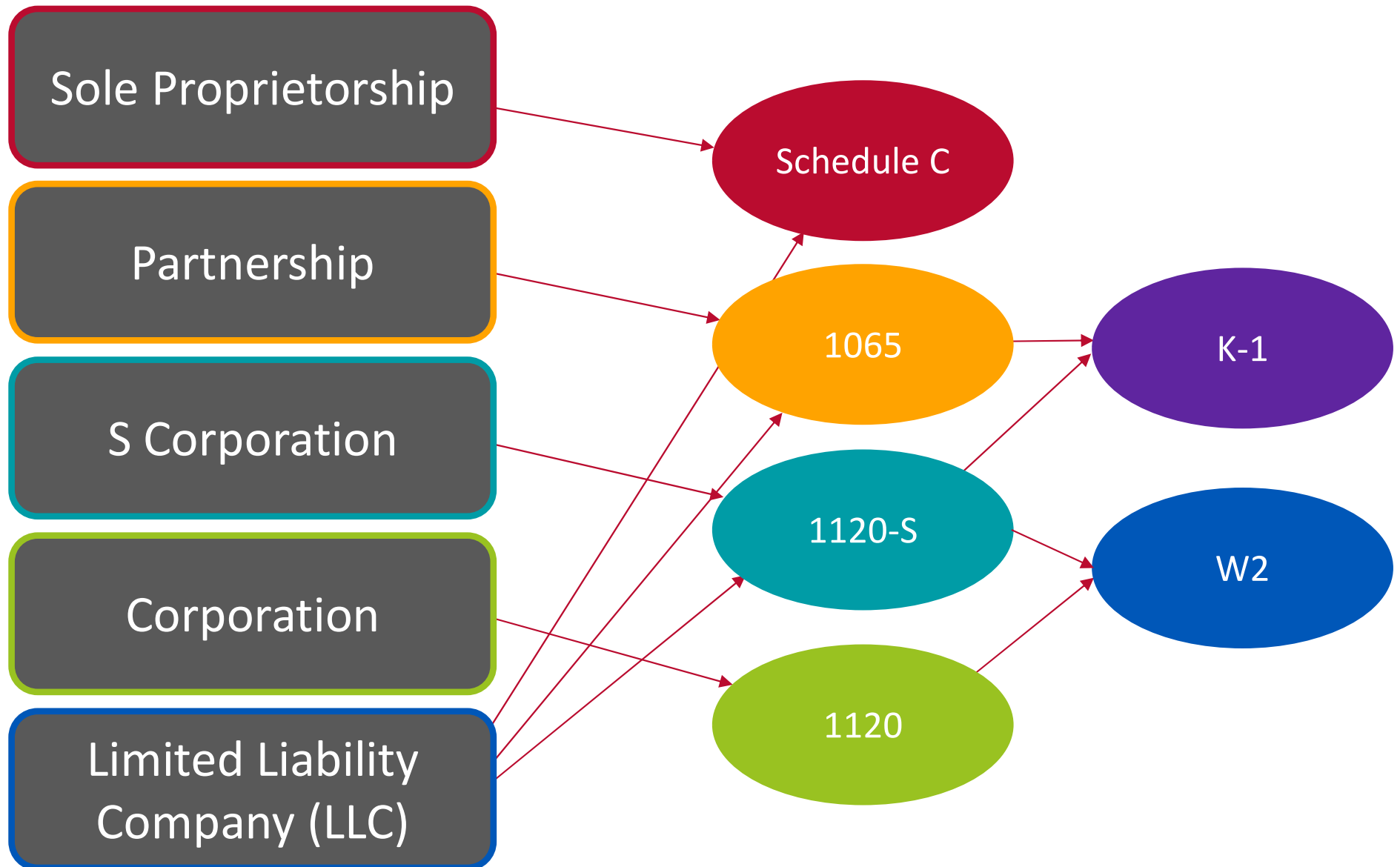
COVID-19 Guidance

- Two year's personal and business tax returns.
 - W2s, as applicable.
 - YTD P&L
 - Three months of business and state tax returns.
 - YTD Paystub.
- 

- There are five (5) types of basic business entities. The entity type determines the type of tax return that is filed:
 - Sole Proprietorship.
 - Partnership (General or Limited).
 - S Corporation.
 - Limited Liability Company.
 - Corporation (Closely Held or Publicly Traded).

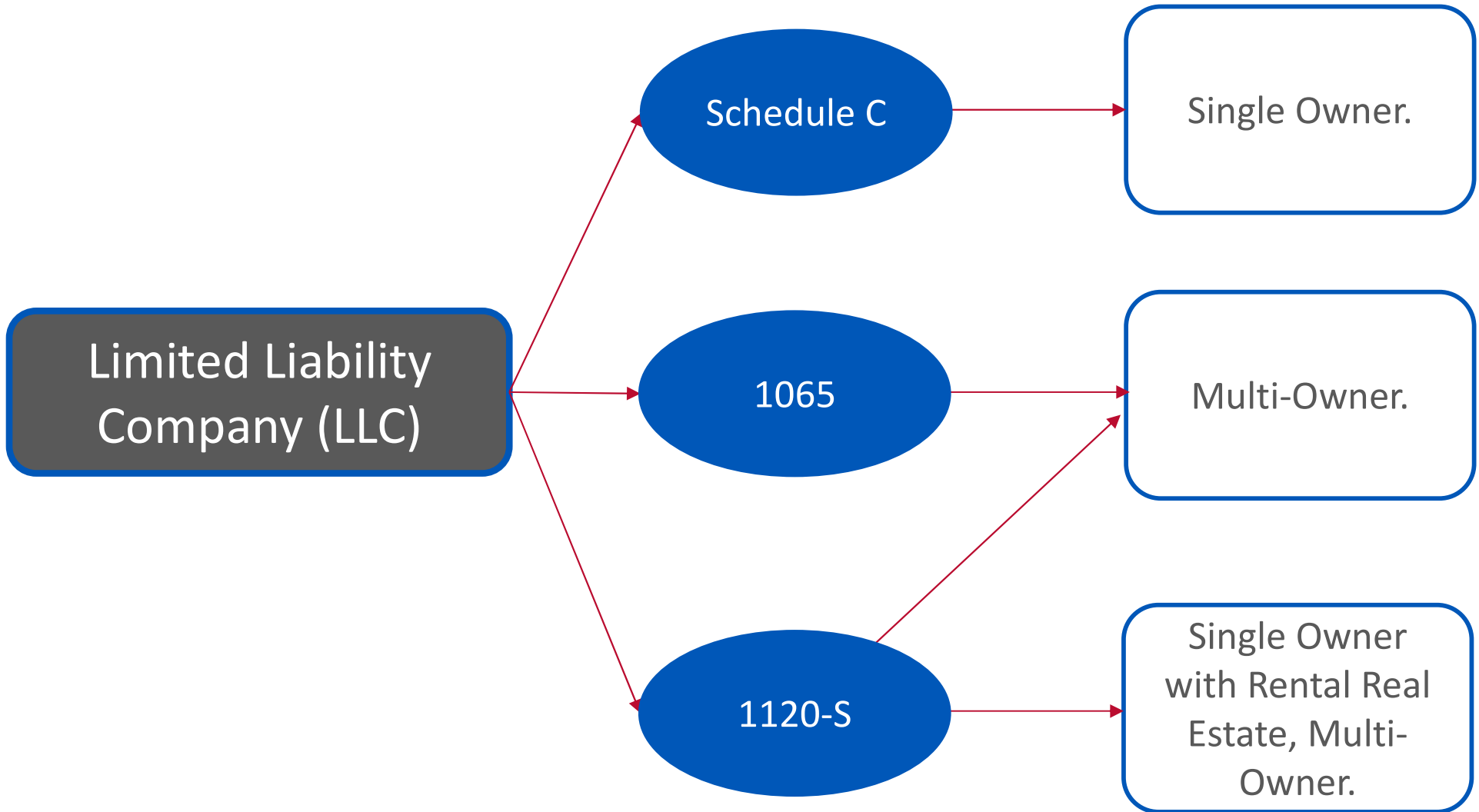


Business Structures and Tax Forms

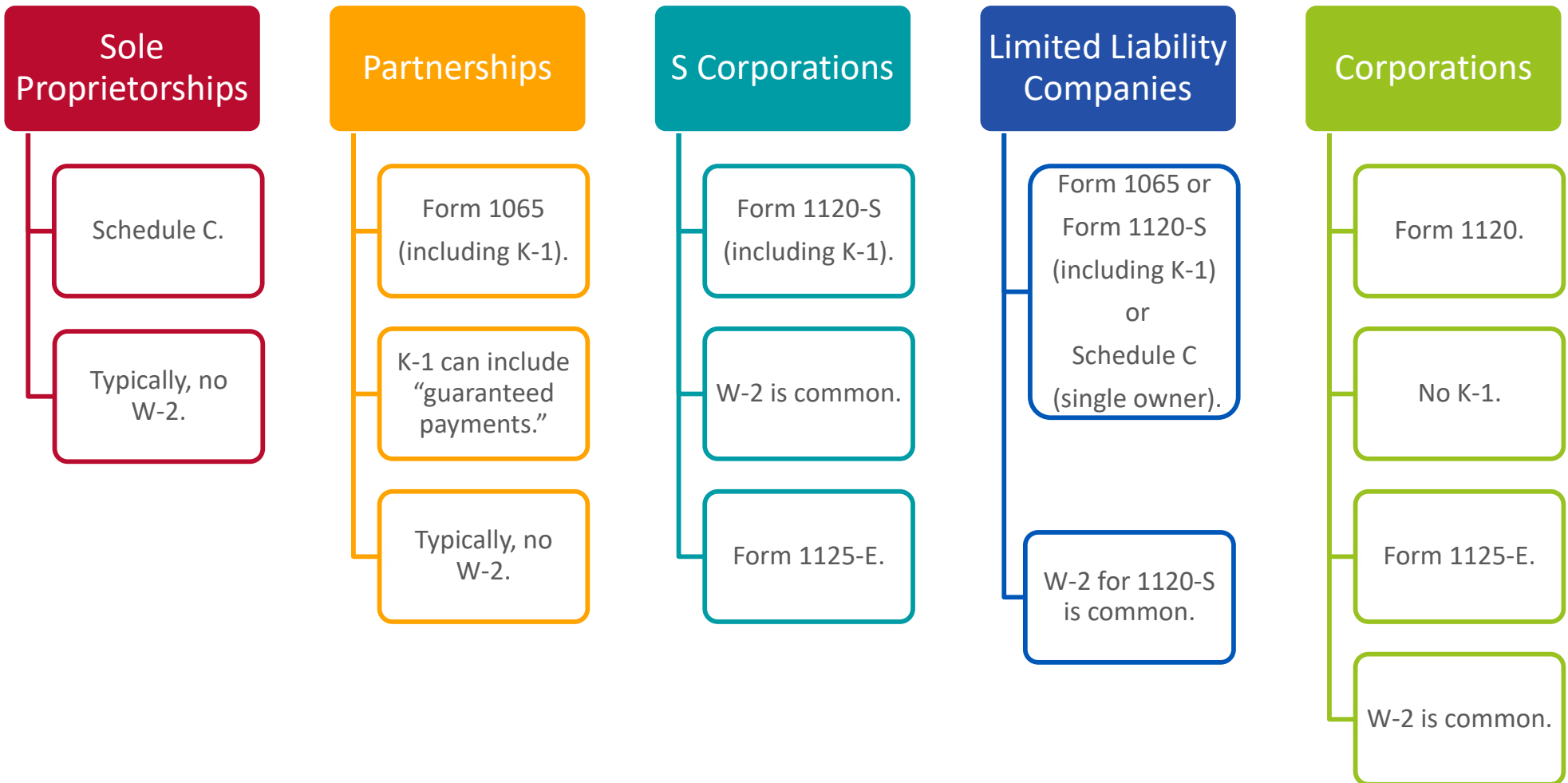


Business Structures and Tax Forms

Limited Liability Company (LLC)



Business Entities Forms and Schedules



Schedule 1 (form 1040), Additional Income and Adjustments to Income



Borrower
IS Self-
Employed.

Schedule C

Sole
Proprietorship.

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR			Your social security number	
Part I Additional Income				
1	Taxable refunds, credits, or offsets of state and local income taxes		1	
2a	Alimony received		2a	
b	Date of original divorce or separation agreement (see instructions) ▶			
3	Business income or (loss). Attach Schedule C		3	
4	Other gains or (losses). Attach Form 4797		4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5	
6	Farm income or (loss). Attach Schedule F		6	
7	Unemployment compensation		7	
8	Other income:			
a	Net operating loss	8a		
b	Gambling income	8b		
c	Cancellation of debt	8c		
d	Foreign earned income exclusion from Form 2555	8d		
e	Taxable Health Savings Account distribution	8e		
f	Alaska Permanent Fund dividends	8f		
g	Jury duty pay	8g		
h	Prizes and awards	8h		
i	Activity not engaged in for profit income	8i		
j	Stock options	8j		
k	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k		
l	Olympic and Paralympic medals and USOC prize money (see instructions)	8l		
m	Section 951(a) inclusion (see instructions)	8m		
n	Section 951A(a) inclusion (see instructions)	8n		
o	Section 461(f) excess business loss adjustment	8o		
p	Taxable distributions from an ABL account (see instructions)	8p		
z	Other income. List type and amount ▶	8z		
9	Total other income. Add lines 8a through 8z		9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		10	

Borrower
MAY BE
Self-
Employed.

Schedule E,
Partnership
OR
S Corporation
OR
Rental
Property
OR
Royalty
OR
Trust.

Schedule E (Form 1040), Supplemental Income and Loss



SCHEDULE E (Form 1040) Supplemental Income and Loss
 (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
 OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service (99)
 Name(s) shown on return
 Your social security number
 Attachment Sequence No. 13
 ▶ Go to www.irs.gov/ScheduleE for instructions and the latest information.

Part I Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in that would require you to file Form(s) 1099? See instructions Yes No
 B If "Yes," did you or will you file required Form(s) 1099? Yes No

1a Physical address of each property (street, city, state, ZIP code)

1b Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	A			<input type="checkbox"/>
B	B			<input type="checkbox"/>
C	C			<input type="checkbox"/>

Type of Property:
 1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental
 2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3			
4 Royalties received	4			

Expenses:

5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see instructions)	12			
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Depreciation expense or depletion	18			
19 Other (list) ▶	19			
20 Total expenses. Add lines 5 through 19	20			
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21			
22 Deductible rental real estate loss after limitation, if any, on Form 6198 (see instructions)	22			
23a Total of all amounts reported on line 3 for all rental properties	23a			
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c			
d Total of all amounts reported on line 18 for all properties	23d			
e Total of all amounts reported on line 20 for all properties	23e			
24 Income. Add positive amounts shown on line 21. Do not include any losses	24			
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Part II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2	26			

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040)

Schedule E (Form 1040) Attachment Sequence No. 13 Page 2
 Name(s) shown on return. Do not enter name and social security number if shown on other side. Your social security number

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations – Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you must check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (f) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. Yes No

28 (a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A				
B				
C				
D				
29a Totals				
b Totals				
30 Add columns (h) and (k) of line 29a.			30	
31 Add columns (g), (i), and (j) of line 29b.			31	
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31			32	

Part III Income or Loss From Estates and Trusts

33 (a) Name	(b) Employer identification number
A	
B	

Passive Income and Loss		Nonpassive Income and Loss		
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1	
A				
B				
34a Totals				
b Totals				
35 Add columns (d) and (f) of line 34a			35	
36 Add columns (c) and (e) of line 34b			36	
37 Total estate and trust income or (loss). Combine lines 35 and 36			37	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

38 (a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40
41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Schedule 1 (Form 1040), line 5 ▶	41
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120-S), box 17, code AD; and Schedule K-1 (Form 1041), box 14, code F. See instructions	42
43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040, Form 1040-SR, or Form 1040-NR from all rental activities in which you materially participated under the passive activity loss rules	43

Business Tax Return (Form 1040) 13

- No indication on 1040.



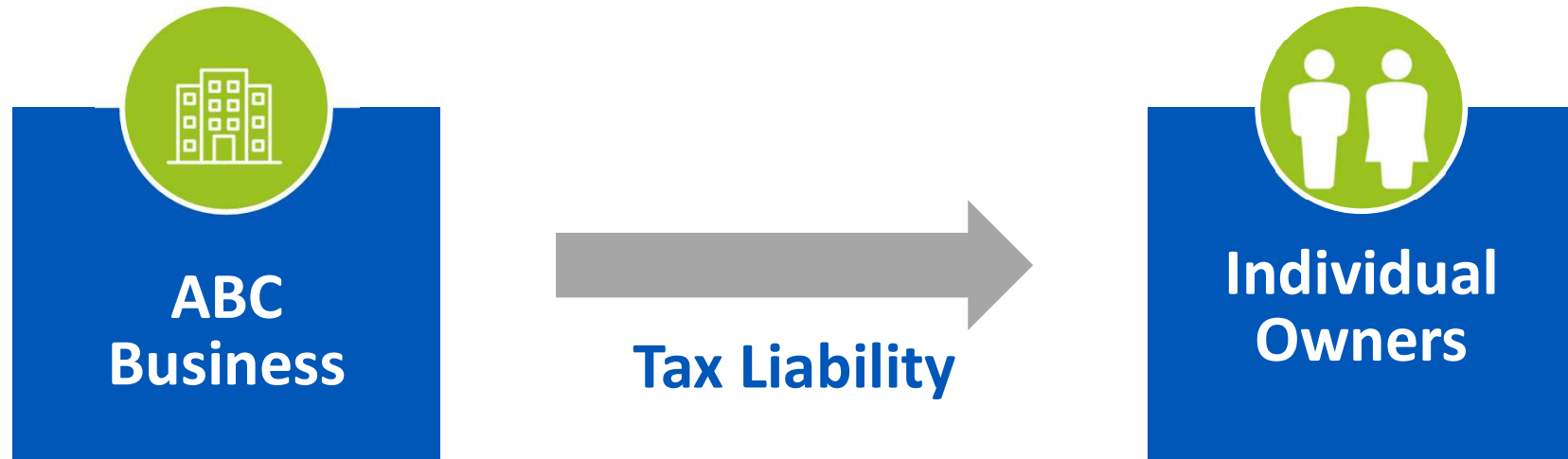
1b. Current Employment/Self Employment and Income		<input type="checkbox"/> <i>Does not apply</i>
Employer or Business Name _____		Phone (____) ____-____
Address _____		
City _____		State _____ Zip _____
Position or Title _____		Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
Start Date ____/____/____ (mm/yyyy)		
How long in this line of work? ____ Years ____ Months		
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.	Monthly Income (or Loss) \$ _____

Business Taxation

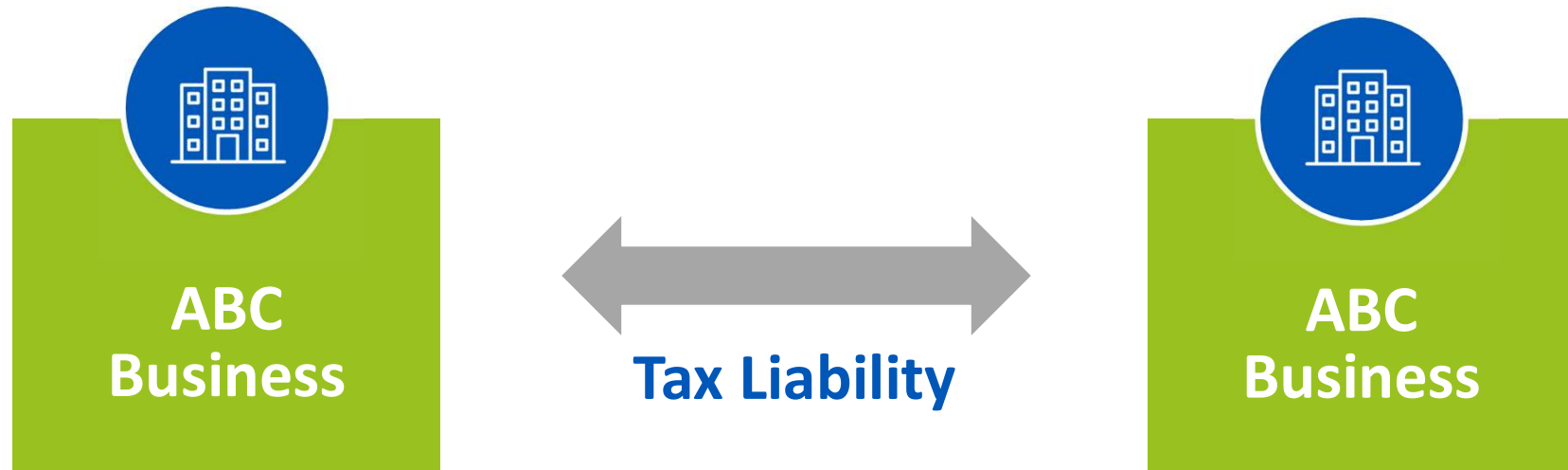


Entity Level Taxation vs. Pass-Through Taxation





- Pass-Through Businesses do not pay business tax on their profit. This includes **Sole Proprietorships, Partnerships, S Corporations and LLCs**.
- Owners, partners, shareholders and members pay personal taxes on their own share. **If they EARN it, they pay tax on it even if they don't take a distribution.**
- Form 1065 and Form 1120-S generate a **K-1** for each owner.
 - Documents individual owner profit, loss, expense deductions, distributions and percentage of ownership.



- **Corporations** pay business tax on their profit.
- Shareholders pay personal taxes only on dividends and wages.
- Corporations **do not** have K-1s because they are not pass-through entities.

Sole Proprietorships



Sole Proprietorship Definition

A Sole Proprietorship is an unincorporated business owned and operated by one person.

The owner not only has total control of the business but also 100% personal liability for any/all business debts.



Sole Proprietorships

The business itself pays no business income tax. Instead, the owner pays taxes on the business profit at individual rates.

A Sole Proprietorship will report the income and expenses of the business on Schedule C, which is a 1040 schedule and not a separate business tax return.

The net income (or loss) on the Schedule C will be carried over and reported on the 1040.

Schedule C (Form 1040), Profit or Loss From Business



The Schedule C is made up of just two (2) pages. Additional forms/schedules (such as Form 4562) may be required.

SCHEDULE C (Form 1040) Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99) **Go to www.irs.gov/ScheduleC for instructions and the latest information.** Attachment Sequence No. **09**

▶ **Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.**

Name of proprietor _____ Social security number (SSN) _____

A Principal business or profession, including product or service (see instructions) _____

B Enter code from instructions _____

C Business name. If no separate business name, leave blank. _____

D Employer ID number (EIN) (see instr.) _____

E Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶ _____

G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses Yes No

H If you started or acquired this business during 2021, check here Yes No

I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions Yes No

J If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. <input type="checkbox"/>	1
2	Returns and allowances	2
3	Subtract line 2 from line 1	3
4	Cost of goods sold (from line 42)	4
5	Gross profit. Subtract line 4 from line 3	5
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6
7	Gross income. Add lines 5 and 6	7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	18	Office expense (see instructions)	18
9	Car and truck expenses (see instructions)	9	19	Pension and profit-sharing plans	19
10	Commissions and fees	10	20	Rent or lease (see instructions):	20
11	Contract labor (see instructions)	11	a	Vehicles, machinery, and equipment	20a
12	Depletion	12	b	Other business property	20b
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21	Repairs and maintenance	21
14	Employee benefit programs (other than on line 19)	14	22	Supplies (not included in Part III)	22
15	Insurance (other than health)	15	23	Taxes and licenses	23
16	Interest (see instructions):	16	24	Travel and meals:	24
a	Mortgage (paid to banks, etc.)	16a	a	Travel	24a
b	Other	16b	b	Deductible meals (see instructions)	24b
17	Legal and professional services	17	25	Utilities	25
26	Total expenses before expenses for business use of home. Add lines 8 through 27a	26	26	Wages (less employment credits)	26
29	Tentative profit or (loss). Subtract line 26 from line 7	29	27a	Other expenses (from line 48)	27a
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____ Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	b	Reserved for future use	27b
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31	27b		
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.	32	28		

32a All investment is at risk.
32b Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P Schedule C (Form 1040)

Schedule C (Form 1040) Page 2

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a Cost b Lower of cost or market c Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation Yes 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 line 4	42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

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 2021, enter the number of miles you used your vehicle for:
a Business _____ b Commuting (see instructions) _____ c Other _____

45 Was your vehicle available for personal use during off-duty hours? Yes No

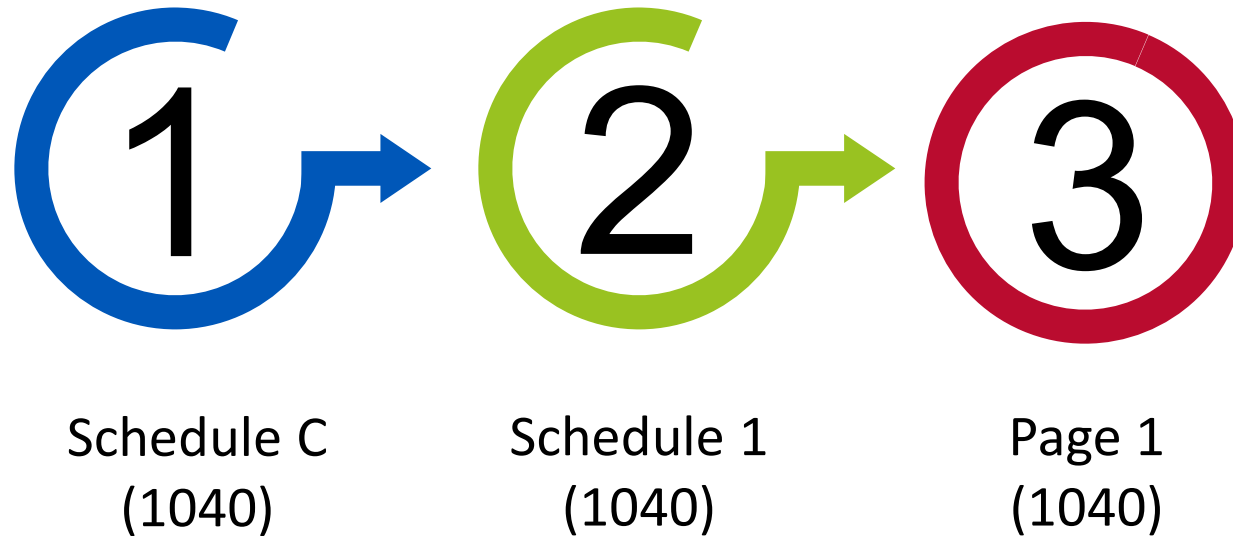
46 Do you (or your spouse) have another vehicle available for personal use? Yes No

47a Do you have evidence to support your deduction? Yes No
b If "Yes," is the evidence written? Yes No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

48	Total other expenses. Enter here and on line 27a	48
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Sole Proprietorship – How Income Flows



Schedule C Cash Flow

Schedule C, Profit or Loss from Business



Part I Income Section

Part II Expenses Section

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		Go to www.irs.gov/ScheduleC for instructions and the latest information. Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.		Attachment Sequence No. 09	
Name of proprietor		Social security number (SSN)			
A Principal business or profession, including product or service (see instructions)		B Enter code from instructions			
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN) (see instr.)			
E Business address (including suite or room no.) City, town or post office, state, and ZIP code					
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶					
G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No					
H If you started or acquired this business during 2021, check here <input type="checkbox"/> Yes <input type="checkbox"/> No					
I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No					
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Part I Income					
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1			
2	Returns and allowances	2			
3	Subtract line 2 from line 1	3			
4	Cost of goods sold (from line 42)	4			
5	Gross profit. Subtract line 4 from line 3	5			
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6			
7	Gross income. Add lines 5 and 6	7			
Part II Expenses. Enter expenses for business use of your home only on line 30.					
8	Advertising	8		18	Office expense (see instructions)
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans
10	Commissions and fees	10		20	Rent or lease (see instructions):
11	Contract labor (see instructions)	11		20a	Vehicles, machinery, and equipment
12	Depletion	12		20b	Other business property
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)
15	Insurance (other than health)	15		23	Taxes and licenses
16	Interest (see instructions):	16		24	Travel and meals:
16a	Mortgage (paid to banks, etc.)	16a		24a	Travel
16b	Other	16b		24b	Deductible meals (see instructions)
17	Legal and professional services	17		25	Utilities
18		18		26	Wages (less employment credits)
19		19		27a	Other expenses (from line 48)
20		20		27b	Reserved for future use
21		21		28	Total expenses before expenses for business use of home. Add lines 8 through 27a
22		22		29	Tentative profit or (loss). Subtract line 28 from line 7
23		23		30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
24		24		31	Net profit or (loss). Subtract line 30 from line 29.
25		25			
26		26			
27a		27a			
27b		27b			
28		28			
29		29			
30		30			
31		31			
32		32			
32a		32a			
32b		32b			

Other Expenses from Page 2

Net Profit or Loss to Schedule 1

Schedule C Cash Flow

Schedule 1 (Form 1040)

Net Profit or Loss
from Schedule C

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR			Your social security number	
Part I Additional Income				
1	Taxable refunds, credits, or offsets of state and local income taxes	1		
2a	Alimony received	2a		
	b Date of original divorce or separation agreement (see instructions) ▶			
3	Business income or (loss). Attach Schedule C	3		
4	Other gains or (losses). Attach Form 4797	4		
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5		
6	Farm income or (loss). Attach Schedule F	6		
7	Unemployment compensation	7		
8	Other income:			
a	Net operating loss	8a	()
b	Gambling income	8b		
c	Cancellation of debt	8c		
d	Foreign earned income exclusion from Form 2555	8d	()
e	Taxable Health Savings Account distribution	8e		
f	Alaska Permanent Fund dividends	8f		
g	Jury duty pay	8g		
h	Prizes and awards	8h		
i	Activity not engaged in for profit income	8i		
j	Stock options	8j		
k	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k		
l	Olympic and Paralympic medals and USOC prize money (see instructions)	8l		
m	Section 951(a) inclusion (see instructions)	8m		
n	Section 951A(a) inclusion (see instructions)	8n		
o	Section 461(l) excess business loss adjustment	8o		
p	Taxable distributions from an ABL account (see instructions)	8p		
z	Other income. List type and amount ▶	8z		
9	Total other income. Add lines 8a through 8z	9		
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10		

Total Additional
Income to Page 1

Schedule C Cash Flow

Form 1040



Form 1040 Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial _____ Last name _____ Your social security number _____
 If joint return, spouse's first name and middle initial _____ Last name _____ Spouse's social security number _____

Home address (number and street). If you have a P.O. box, see instructions. _____ Apt. no. _____
 City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____
 Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** Were born before January 2, 1957 Are blind **Spouse:** Was born before January 2, 1957 Is blind

Dependents (see instructions):
 If more than four dependents, see instructions and check here ▶

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1
2a Tax-exempt interest	2a
3a Qualified dividends	3a
4a IRA distributions	4a
5a Pensions and annuities	5a
6a Social security benefits	6a
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7
8 Other income from Schedule 1, line 10	8
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10 Adjustments to income from Schedule 1, line 26	10
11 Subtract line 10 from line 9. This is your adjusted gross income	11
12a Standard deduction or itemized deductions (from Schedule A)	12a
b Charitable contributions if you take the standard deduction (see instructions)	12b
c Add lines 12a and 12b	12c
13 Qualified business income deduction from Form 8995 or Form 8995-A	13
14 Add lines 12c and 13	14
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15

Attach Sch. B if required.

Standard Deduction for—
 • Single or Married filing separately, \$12,950
 • Married filing jointly or Qualifying surviving spouse, \$25,900
 • Head of household, \$19,400
 • If you checked any box under Standard Deduction, see instructions.

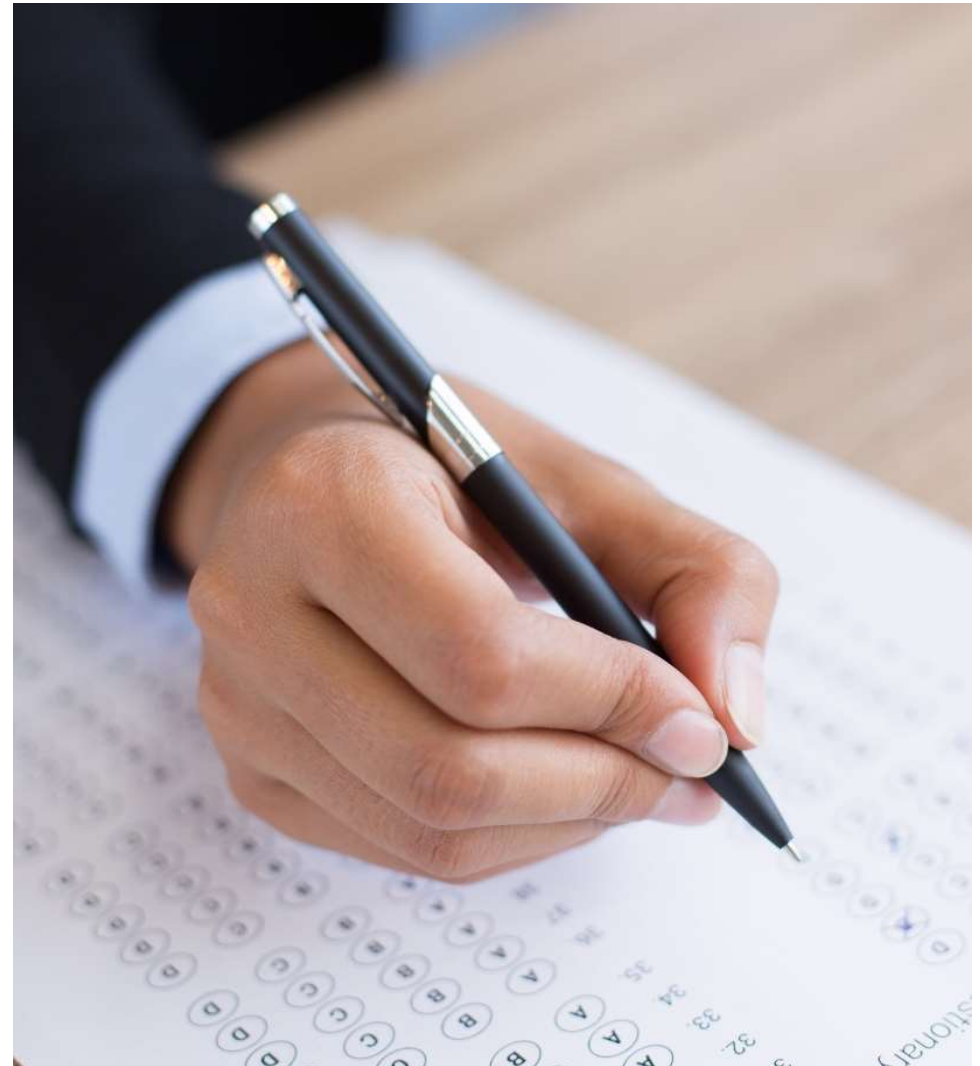
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040



Knowledge Check One

Is the following **True** or **False**?

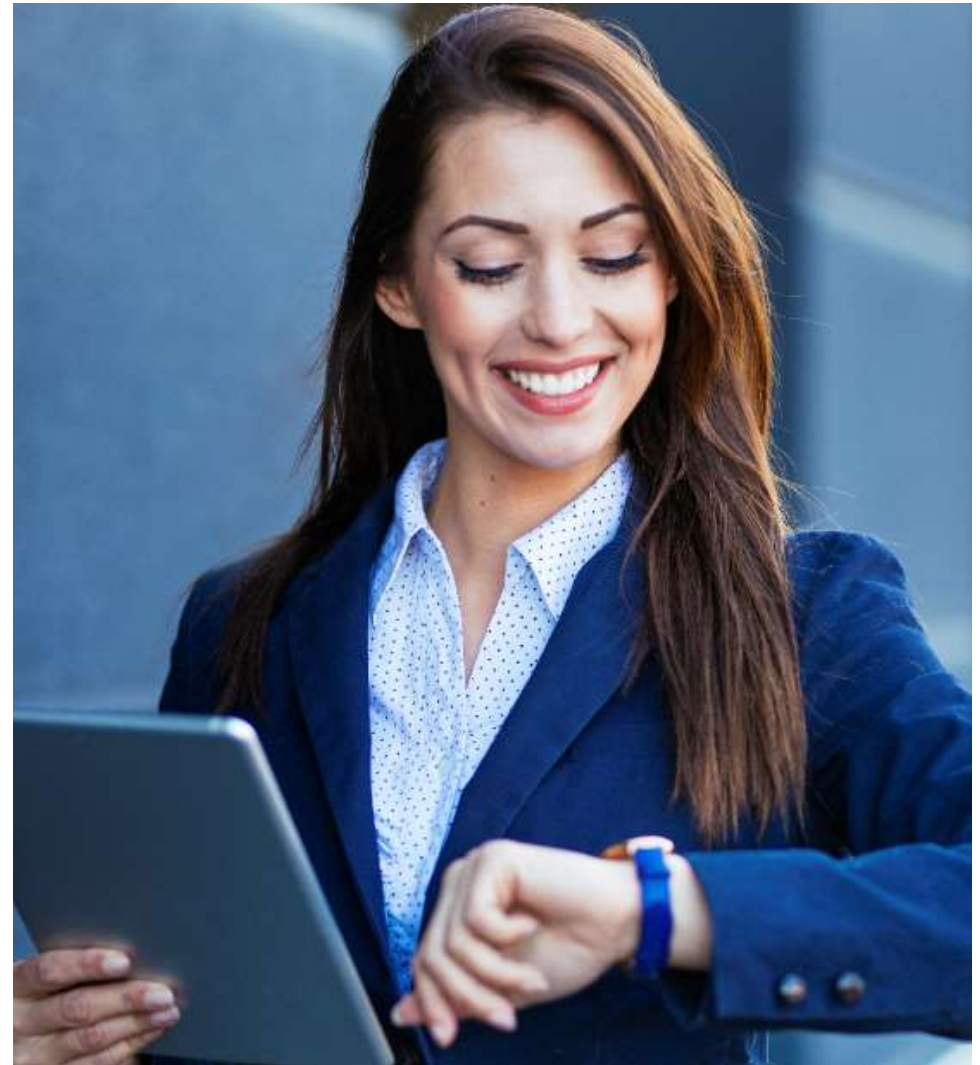
- A Sole Proprietor has no personal liability for business debt. They are completely distinct and separate from the owner's personal debt.



Check Your Understanding One

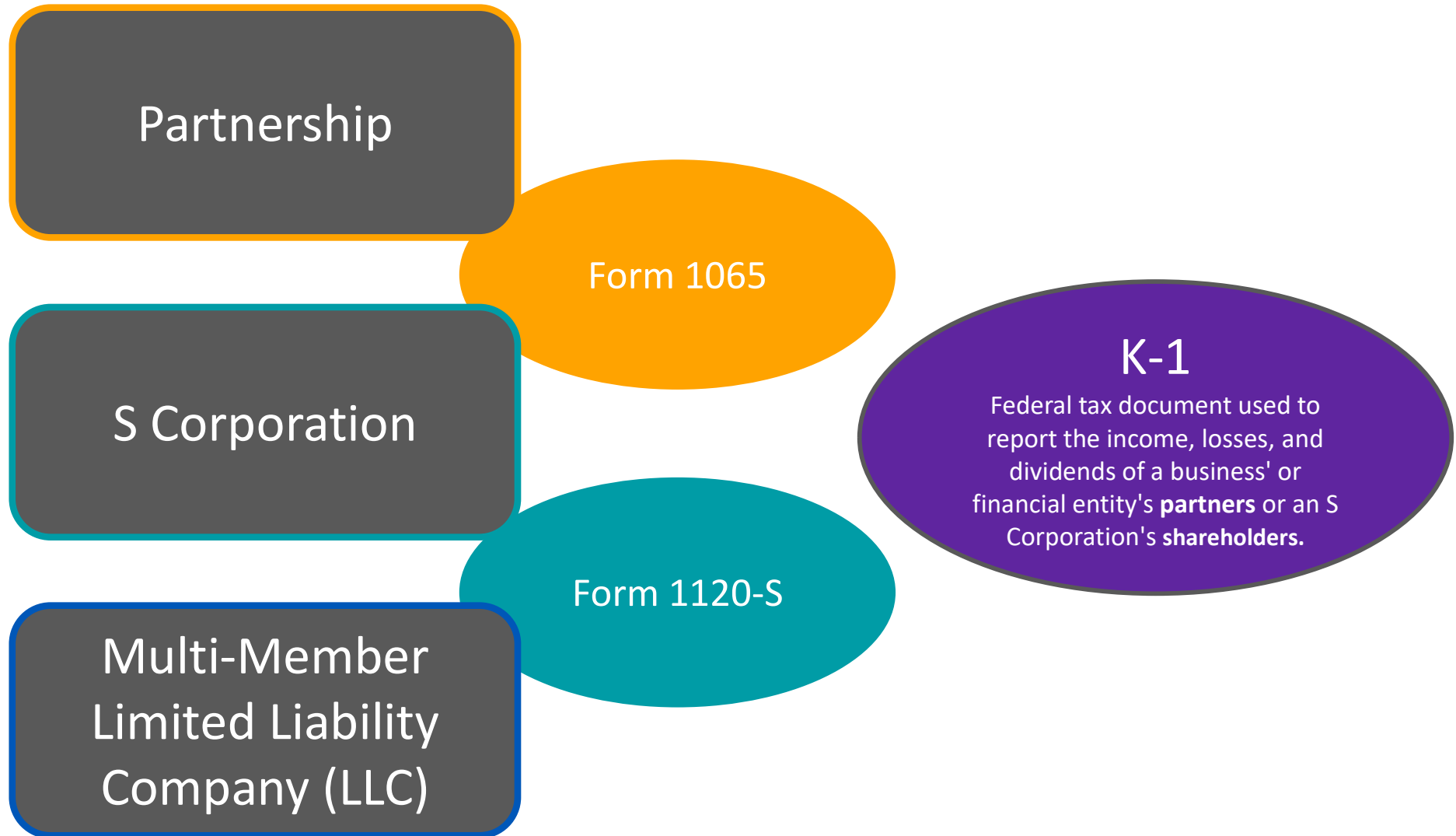
The correct answer is ***False***.

- Not only does a Sole Proprietor have 100% control of the business, they have 100% personal liability since there is no distinction between personal and business debts.



Schedule K-1





Partnerships, S Corporations and Multi-Member LLCs

651121
OMB No. 1545-0123

Final K-1 Amended K-1

**Schedule K-1
(Form 1065)**
Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership		Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
A Partnership's employer identification number		1 Ordinary business income (loss)	14 Self-employment earnings (loss)
B Partnership's name, address, city, state, and ZIP code		2 Net rental real estate income (loss)	
C IRS center where partnership filed return ▶		3 Other net rental income (loss)	15 Credits
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)		4a Guaranteed payments for services	
		4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked <input type="checkbox"/>
		4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
		5 Interest income	
		6a Ordinary dividends	

- Pass-through entities that file separate business tax returns must provide a Schedule K-1 to each owner.
- Each owner (partner, shareholder or member) receives a K-1 that documents their individual share of profit, their actual distributions and their ownership percentage, among other items.

Schedule K-1



651121
OMB No. 1545-0123

Final K-1 Amended K-1

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return ▶
 Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's TIN Name

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ▶

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to sale or exchange of partnership interest ▶

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	\$

Check this box if Item K includes liability amounts from lower tier partnerships ▶

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked <input type="checkbox"/>
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	20 Other information
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	

Partner's Capital Account Analysis

L

Beginning capital account	\$
Capital contributed during the year	\$
Current year net income (loss)	\$
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$
Ending capital account	\$

M Did the partner contribute property with a built-in gain (loss)?
 Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

For IRS Use Only

22 More than one activity for at-risk purposes*
23 More than one activity for passive activity purposes*
*See attached statement for additional information.

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11394R Schedule K-1 (Form 1065)

671121
OMB No. 1545-0123

Final K-1 Amended K-1

Schedule K-1 (Form 1120-S)

Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year
End of tax year

Part II Information About the Shareholder

E Shareholder's identifying number

F Shareholder's name, address, city, state, and ZIP code

G Current year allocation percentage %

H Shareholder's number of shares
Beginning of tax year
End of tax year

I Loans from shareholder
Beginning of tax year \$
End of tax year \$

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	13 Credits
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	
4 Interest income	
5a Ordinary dividends	
5b Qualified dividends	14 Schedule K-3 is attached if checked <input type="checkbox"/>
6 Royalties	15 Alternative minimum tax (AMT) items
7 Net short-term capital gain (loss)	
8a Net long-term capital gain (loss)	
8b Collectibles (28%) gain (loss)	
8c Unrecaptured section 1250 gain	
9 Net section 1231 gain (loss)	16 Items affecting shareholder basis
10 Other income (loss)	
11 Section 179 deduction	
12 Other deductions	
	17 Other information

For IRS Use Only

18 More than one activity for at-risk purposes*
19 More than one activity for passive activity purposes*
* See attached statement for additional information.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S)

A Closer Look



Anatomy of a Partnership K-1

651121
OMB No. 1545-0123

Final K-1 Amended K-1

Schedule K-1 (Form 1065)
Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to sale or exchange of partnership interest

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	\$

Check this box if Item K includes liability amounts from lower tier partnerships

L Partner's Capital Account Analysis

Beginning capital account	\$
Capital contributed during the year	\$
Current year net income (loss)	\$
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$
Ending capital account	\$

M Did the partner contribute property with a built-in gain (loss)?
 Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	Schedule K-3 is attached if checked <input type="checkbox"/>
4c Total guaranteed payments	Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	20 Other information
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	Foreign taxes paid or accrued
13 Other deductions	
22 <input type="checkbox"/> More than one activity for at-risk purposes*	
23 <input type="checkbox"/> More than one activity for passive activity purposes*	

*See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11394R Schedule K-1 (Form 1065)

Anatomy of a Partnership K-1

Upper Left

Schedule K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return ▶

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:
TIN Name

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ▶

- Name of Partnership.
- Name of the Partner.
- General or Limited Partnership.
- Foreign or Domestic Partnership.
- Type of Partner.

Anatomy of a Partnership K-1 Lower Left

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	_____ %	_____ %
Loss	_____ %	_____ %
Capital	_____ %	_____ %

Check if decrease is due to sale or exchange of partnership interest

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$ _____	\$ _____
Qualified nonrecourse financing	\$ _____	\$ _____
Recourse	\$ _____	\$ _____

Check this box if Item K includes liability amounts from lower tier partnerships

L Partner's Capital Account Analysis

Beginning capital account	\$ _____
Capital contributed during the year	\$ _____
Current year net income (loss)	\$ _____
Other increase (decrease) (attach explanation)	\$ _____
Withdrawals and distributions	\$ (_____)
Ending capital account	\$ _____

M Did the partner contribute property with a built-in gain (loss)?
 Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$ _____
Ending	\$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www

- Beginning & Ending Profit, Loss & Capital.
- Ending Capital is the Borrower's Ownership Percentage.
- Partner's Capital Account Analysis.

Anatomy of a Partnership K-1

Upper Right

- Ordinary Business Income (or Loss), Net Rental Real Estate Income (or Loss), Other Net Rental Income (or Loss).
- Guaranteed Payments for Services, Capital and Total Guaranteed Payments.

651121
OMB No. 1545-0123

Final K-1 Amended K-1

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		

Anatomy of a Partnership K-1

Lower Right

- Distributions.

		19 Distributions
9a	Net long-term capital gain (loss)	A
9b	Collectibles (28%) gain (loss)	
9c	Unrecaptured section 1250 gain	20 Other information
10	Net section 1231 gain (loss)	
11	Other income (loss)	
12	Section 179 deduction	21 Foreign taxes paid or accrued
13	Other deductions	
22	<input type="checkbox"/> More than one activity for at-risk purposes*	
23	<input type="checkbox"/> More than one activity for passive activity purposes*	
*See attached statement for additional information.		
For IRS Use Only		

www.irs.gov/Form1065 Cat. No. 11394R **Schedule K-1 (Form 1065)**

Anatomy of an S Corporation K-1

671121
OMB No. 1545-0123

Final K-1 Amended K-1

Schedule K-1 (Form 1120-S)
Department of the Treasury
Internal Revenue Service

beginning / / ending / /

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
A Corporation's employer identification number		1 Ordinary business income (loss)	13 Credits
B Corporation's name, address, city, state, and ZIP code		2 Net rental real estate income (loss)	
C IRS Center where corporation file		3 Other net rental income (loss)	
D Corporation's total number of shares Beginning of tax year End of tax year		4 Interest income	
		5a Ordinary dividends	
		5b Qualified dividends	Schedule K-3 is attached if checked <input type="checkbox"/>
		6 Royalties	15 Alternative minimum tax (AMT) items
		7 Net short-term capital gain (loss)	
		8a Net long-term capital gain (loss)	
		8b Collectibles (28%) gain (loss)	
		8c Unrecaptured section 1250 gain	
		9 Net section 1231 gain (loss)	16 Items affecting shareholder basis
		10 Other income (loss)	
E Shareholder's identifying number			
F Shareholder's name, address, city, state, and ZIP code			
G Current year allocation percentage %			17 Other information
H Shareholder's number of shares Beginning of tax year End of tax year		11 Section 179 deduction	
I Loans from shareholder Beginning of tax year End of tax year		12 Other deductions	
For IRS Use Only			
		18 <input type="checkbox"/> More than one activity for at-risk purposes*	
		19 <input type="checkbox"/> More than one activity for passive activity purposes*	
		* See attached statement for additional information.	

1 2 3 4

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S)

Anatomy of an S Corporation K-1 Upper Left

Schedule K-1
(Form 1120-S)
Department of the Treasury
Internal Revenue Service

beginning / / ending / /

**Shareholder's Share of Income, Deductions,
Credits, etc.** ▶ See separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year
End of tax year

Part II Information About the Shareholder

E Shareholder's identifying number

F Shareholder's name, address, city, state, and ZIP code

- Name of S Corporation.
- Name of the Shareholder.

Anatomy of an S Corporation K-1 Lower Left

G	Current year allocation percentage	<input type="text"/>	%
H	Shareholder's number of shares		
	Beginning of tax year	<input type="text"/>	
	End of tax year	<input type="text"/>	
I	Loans from shareholder:		
	Beginning of tax year	<input type="text"/>	\$
	End of tax year	<input type="text"/>	\$
For IRS Use Only			
For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov			

- Ownership percentage (allocation percentage).

Anatomy of an S Corporation K-1

Upper Right



- Ordinary Business Income (or Loss), Net Rental Real Estate Income (or Loss), Other Net Rental Income (or Loss).

671121

Final K-1 Amended K-1 OMB No. 1545-0123

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked <input type="checkbox"/>
6	Royalties	15	Alternative minimum tax (AMT) items
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		

Anatomy of an S Corporation K-1 Lower Right

- Distributions.

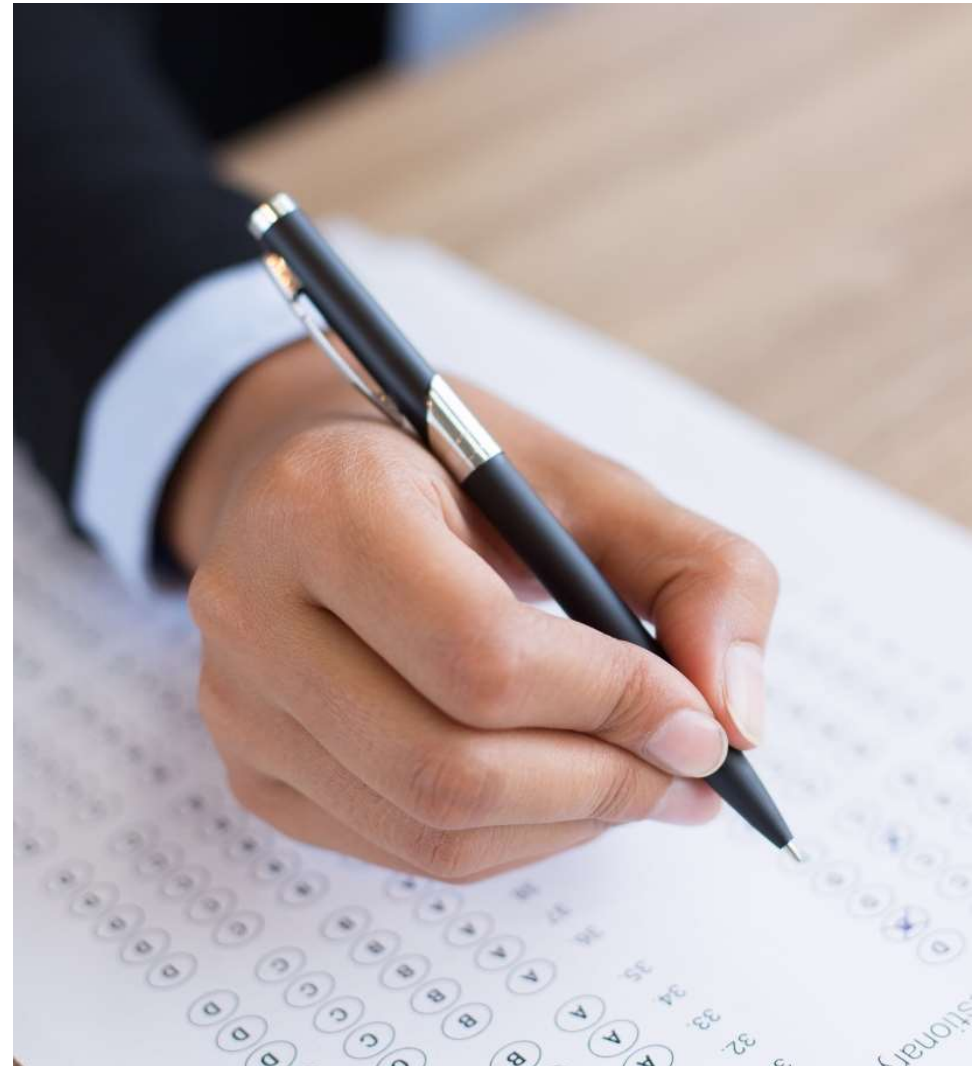
9	Net section 1231 gain (loss)	16	Items affecting shareholder basis
10	Other income (loss)	D	
		17	Other information
11	Section 179 deduction		
12	Other deductions		
18	<input type="checkbox"/> More than one activity for at-risk purposes*		
19	<input type="checkbox"/> More than one activity for passive activity purposes*		
* See attached statement for additional information.			

w.irs.gov/Form1120S Cat. No. 11520D **Schedule K-1 (Form 1120-S)**

Knowledge Check Two

Is the following **True** or **False**?

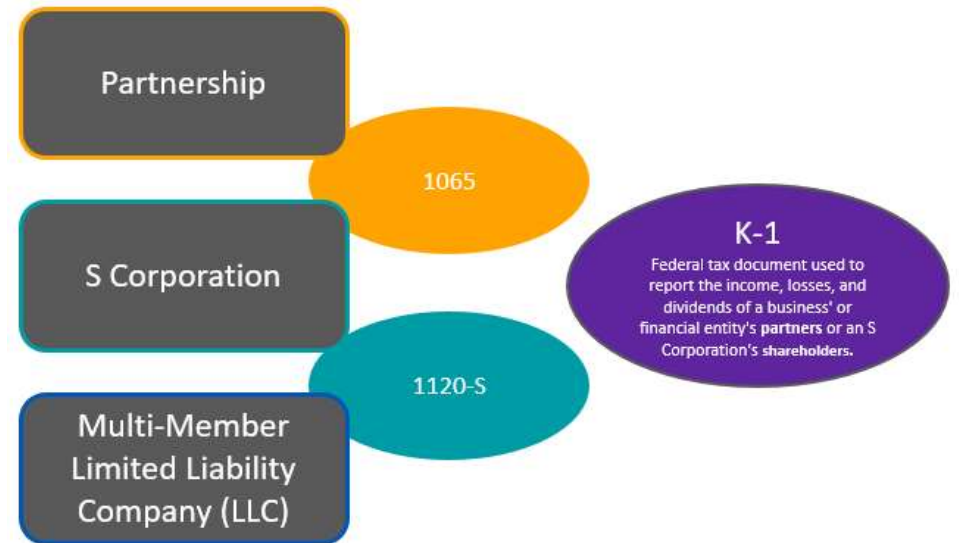
- While Schedule K-1 is generated by the business tax returns, it is considered part of the personal tax return.



Check Your Understanding Two

The correct answer is *True*.

- You will need all K-1's indicated on the Schedule E even if the AUS does not require business tax returns.



Partnerships



Partnership Definition

A Partnership is the business relationship existing between two or more persons who join to carry on a trade or business.

A partnership, like a sole proprietorship, is legally and financially inseparable from its owners. Profits and losses may be passed through to the owners' personal income for tax purposes. Debts and liabilities pass through as well.

Owners are called partners.



Partnerships

The business itself pays no business income tax. Instead, the owners pay taxes on the income at individual rates based on their proportionate share of profit or loss.

A Partnership will report the income and expenses of the business on Form 1065, which is a separate business tax return. Owners do not receive W-2s.

The net income (or loss) on the 1065 is carried to the individuals' Schedule K-1. Taxable income is passed through to the 1040, Schedule E.

Two Types of Partnerships

General

Each partner has unlimited liability for all debts and obligations of the Partnership.

Limited

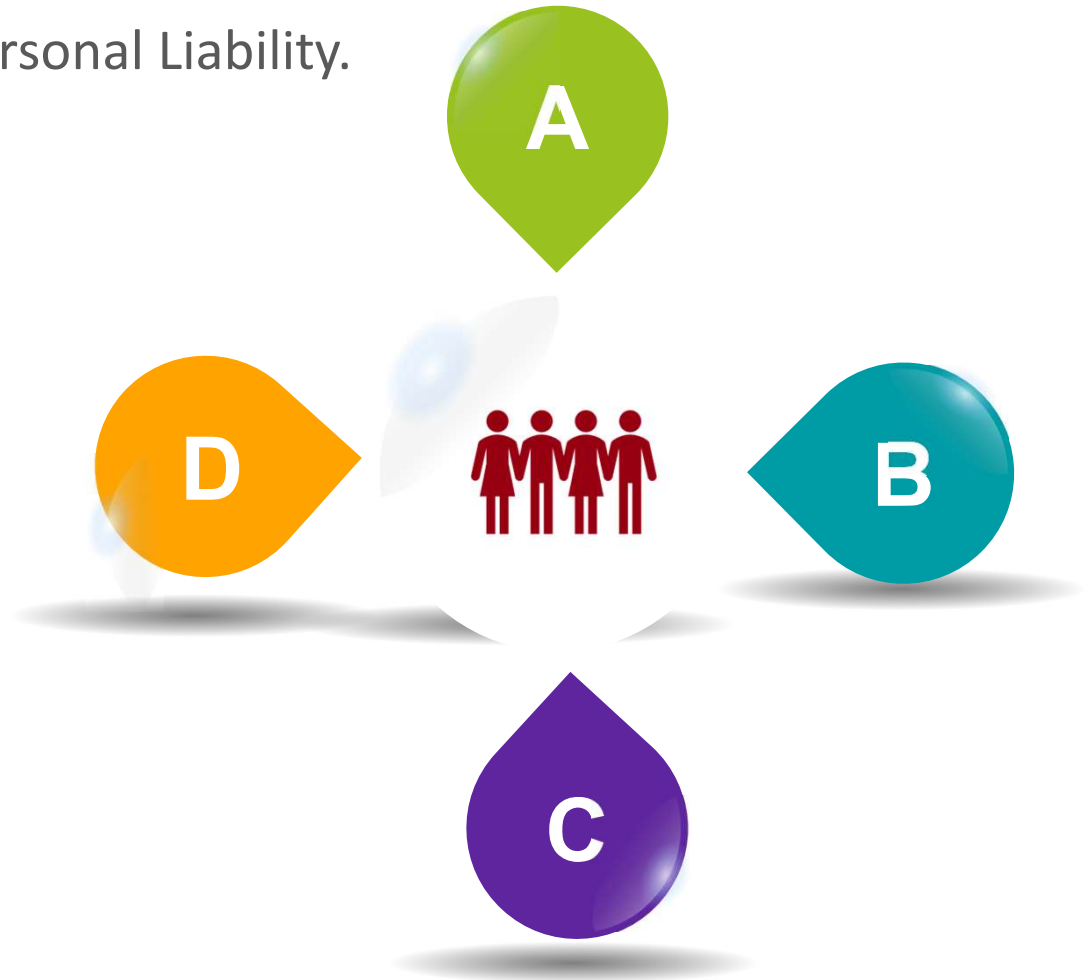
A limited Partnership consists of one or more general partners and one or more limited partners. Limited partners have limited liability. Their liability is limited to the amount of their investment.

General Partnership

Each Partner is a General Partner.

Every General Partner has 100% Personal Liability.

- A** General Partner #1
51% Ownership / 100% Liability
- B** General Partner #2
20% Ownership / 100% Liability
- C** General Partner #3
15% Ownership / 100% Liability
- D** General Partner #4
14% Ownership / 100% Liability

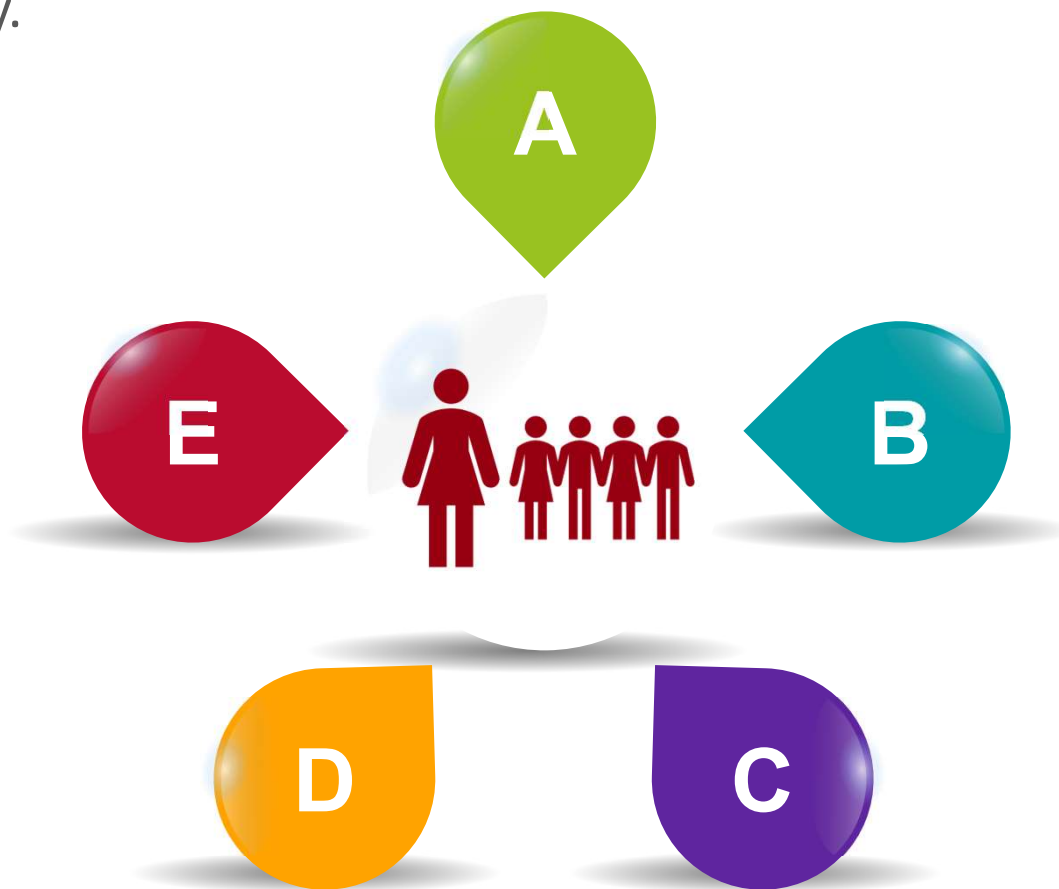



Limited Partnership

At Least One Partner is a General Partner. General Partners have 100% Liability.

Limited Partners have Limited Liability.

- A** General Partner #1
20% Ownership / 100% Liability
- B** Limited Partner #2
20% Ownership / Liability limited to investment
- C** Limited Partner #3
20% Ownership / Liability limited to investment
- D** Limited Partner #4
20% Ownership / Liability limited to investment
- E** Limited Partner #5
20% Ownership / Liability limited to investment





Guaranteed payments to partners are compensation to owners of a partnership in return for time invested, services provided, or capital made available. The payments are *essentially* a salary for partners that is **independent of whether or not the partnership is successful.**

Form 1065 and Schedule K-1 (Form 1065)

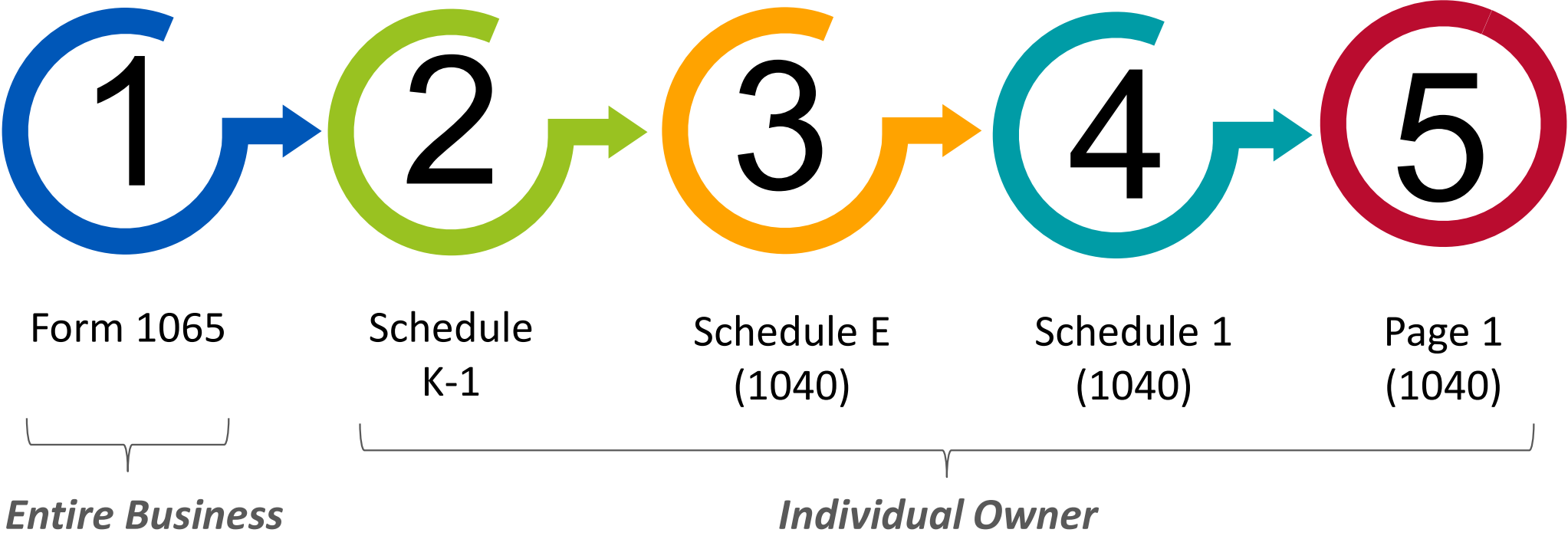


The 1065 is made up of five (5) pages, but the filed return may be much longer due to additional schedules and attachments.

Form 1065 U.S. Return of Partnership Income. This is the main return form, page 1. It includes sections for: Schedule B (What type of partnership?), Principal business activity, Accounting method, and various income and deduction lines (1a-30). It also has a 'Sign Here' section for the preparer and a 'Paid Preparer Use Only' section.

Schedule K-1 Partner's Share of Current Year Income, Deductions, Credits, and Other Items. This is the information statement provided to each partner. It includes: Part I (Information About the Partnership), Part II (Information About the Partner), and Part III (Partner's Share of Current Year Income, Deductions, Credits, and Other Items). It details the partner's share of profit, loss, and capital, as well as their share of income, deductions, and credits.

Partnership – How Income Flows



Partnerships Cash Flow

Form 1065



Form 1065		U.S. Return of Partnership Income		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		For calendar year 2021, or tax year beginning _____ ending _____, 20__			
A Principal business activity		Name of partnership		D Employer identification number	
B Principal product or service	Type or Print	Number, street, and room or suite no. If a P.O. box, see instructions.		E Date business started	
C Business code number		City or town, state or province, country, and ZIP or foreign postal code		F Total assets (see instructions)	
				\$	
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return					
H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____					
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____					
J Check if Schedules C and M-3 are attached <input type="checkbox"/>					
K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes					
Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.					
Income	1a	Gross receipts or sales	1a		
	1b	Returns and allowances	1b		
	1c	Balance. Subtract line 1b from line 1a	1c		
	2	Cost of goods sold (attach Form 1125-A)	2		
	3	Gross profit. Subtract line 2 from line 1c	3		
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))	5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6		
7	Other income (loss) (attach statement)	7			
8	Total income (loss). Combine lines 3 through 7	8			
Deductions (see instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)	9		
	10	Guaranteed payments to partners	10		
	11	Repairs and maintenance	11		
	12	Bad debts	12		
	13	Rent	13		
	14	Taxes and licenses	14		
	15	Interest (see instructions)	15		
	16a	Depreciation (if required, attach Form 4562)	16a		
	16b	Less depreciation reported on Form 1125-A and elsewhere on return	16b		
	16c	Total depreciation. Subtract line 16b from line 16a	16c		
	17	Depletion (Do not deduct oil and gas depletion.)	17		
18	Retirement plans, etc.	18			
19	Employee benefit programs	19			
20	Other deductions (attach statement)	20			
21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21			
22	Ordinary business income (loss). Subtract line 21 from line 8	22			
Tax and Payment	23	Interest due under the look-back method—completed long-term contracts (attach Form 8697)	23		
	24	Interest due under the look-back method—income forecast method (attach Form 8866)	24		
	25	BBA AAR imputed underpayment (see instructions)	25		
	26	Other taxes (see instructions)	26		
	27	Total balance due. Add lines 23 through 26	27		
	28	Payment (see instructions)	28		
	29	Amount owed. If line 28 is smaller than line 27, enter amount owed	29		
	30	Overpayment. If line 28 is larger than line 27, enter overpayment	30		
	Sign Here				
	Signature of partner or limited liability company member		Date		May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No
Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN	
Firm's name		Firm's EIN		Phone no.	
Firm's address					
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form 1065					

Income Section

Deductions Section

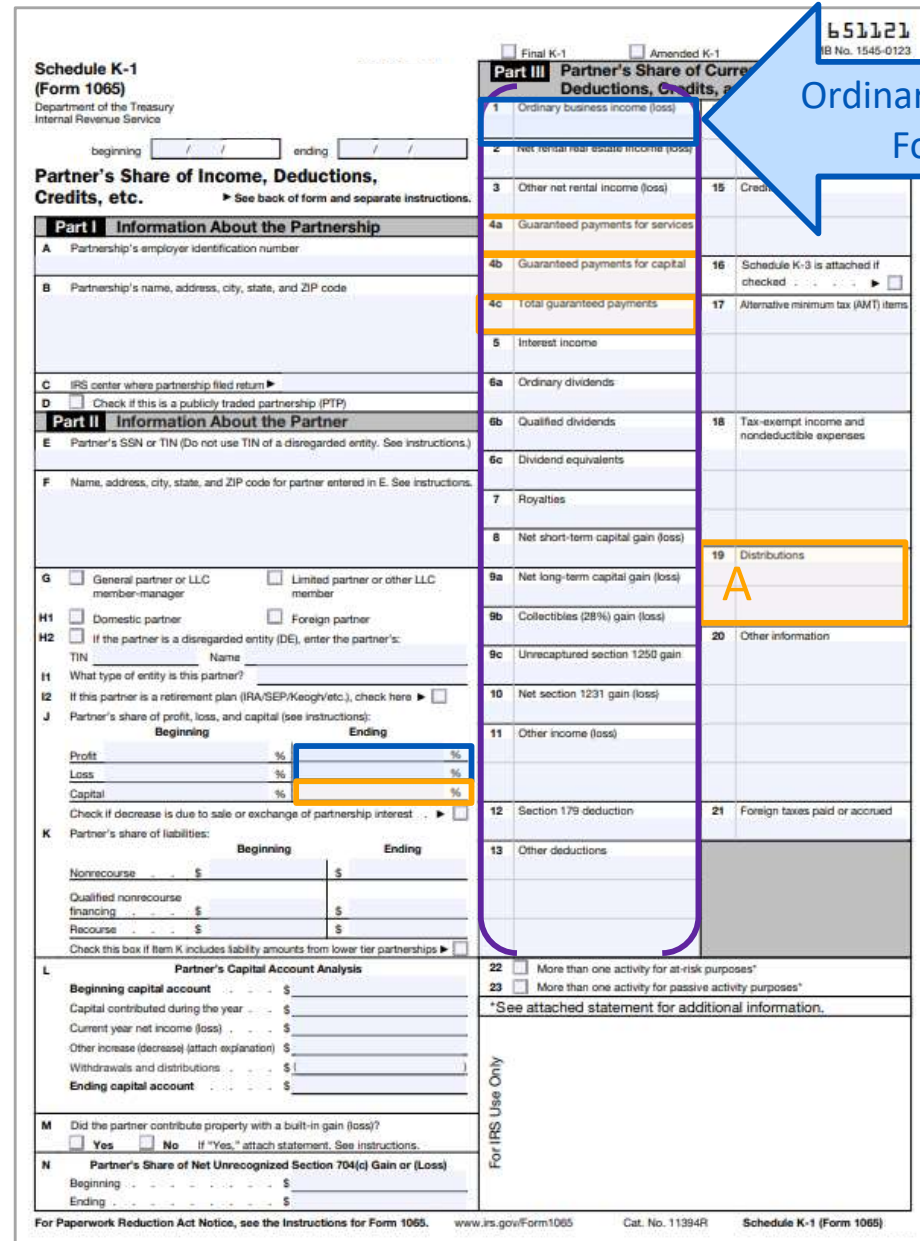
Guaranteed Payments to Schedule K-1.

Ordinary Income to Schedule K-1.



Partnerships Cash Flow Schedule K-1 (Form 1065)

Ordinary Income (or Loss) from the 1065 is multiplied by the Individual Owner's Percentage of Profit or Loss.



The image shows a Schedule K-1 (Form 1065) with several key areas highlighted in orange and blue. A blue arrow points from the text 'Ordinary Income from Form 1065.' to line 1, 'Ordinary business income (loss)'. Another blue arrow points from the text 'Income and deductions are typically combined and transfer to the Schedule E as either Passive or Non-Passive Income or Loss.' to line 19, 'Distributions'. A purple oval highlights the 'Distributions' section. The 'Partner's Capital Account Analysis' section (L) is also visible, showing beginning and ending capital accounts.

Ordinary Income from Form 1065.

Income and deductions are typically combined and transfer to the Schedule E as either Passive or Non-Passive Income or Loss.

Partnerships Cash Flow Schedule E (Form 1040)

Ordinary Income
from Schedule K-1s.

Schedule E (Form 1040) Attachment Sequence No. 13 Page 2

Name(s) shown on return. Do not enter name and social security number if shown on other side. Your social security number

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations – Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (f) on line 28 and attach **Form 6198**. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. Yes No

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A						
B						
C						
D						

Passive Income and Loss		Nonpassive Income and Loss		
(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A				
B				
C				
D				
29a Totals				
b Totals				
30 Add columns (h) and (k) of line 29a				30
31 Add columns (g), (i), and (j) of line 29b				31
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31				32

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			35
36 Add columns (c) and (e) of line 34b			36
37 Total estate and trust income or (loss). Combine lines 35 and 36			37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
A					
B					
39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below					39

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below			40
41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Schedule 1 (Form 1040), line 5			41
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120-S), box 17, code AD; and Schedule K-1 (Form 1041), box 14, code F. See instructions		42	
43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040, Form 1040-SR, or Form 1040-NR from all rental real estate activities in which you materially participated under the passive activity loss rules		43	

Total Income or Loss
to Schedule 1.

Partnerships Cash Flow Schedule 1 (Form 1040)

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR			Your social security number	
Part I Additional Income				
1	Taxable refunds, credits, or offsets of state and local income taxes		1	
2a	Alimony received		2a	
	b Date of original divorce or separation agreement (see instructions) ▶			
3	Business income or (loss). Attach Schedule C		3	
4	Other gains or (losses). Attach Form 4797		4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5	
6	Farm income or (loss). Attach Schedule F		6	
7	Unemployment compensation		7	
8	Other income:			
a	Net operating loss	8a		
b	Gambling income	8b		
c	Cancellation of debt	8c		
d	Foreign earned income exclusion from Form 2555	8d		
e	Taxable Health Savings Account distribution	8e		
f	Alaska Permanent Fund dividends	8f		
g	Jury duty pay	8g		
h	Prizes and awards	8h		
i	Activity not engaged in for profit income	8i		
j	Stock options	8j		
k	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k		
l	Olympic and Paralympic medals and USOC prize money (see instructions)	8l		
m	Section 951(a) inclusion (see instructions)	8m		
n	Section 951A(a) inclusion (see instructions)	8n		
o	Section 461(f) excess business loss adjustment	8o		
p	Taxable distributions from an ABL account (see instructions)	8p		
z	Other income. List type and amount ▶	8z		
9	Total other income. Add lines 8a through 8z		9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		10	

Profit or Loss from
Schedule E.

Additional Income
to 1040.

Partnerships Cash Flow

Form 1040



Form 1040 Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial Last name Your social security number
 If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
 Foreign country name Foreign province/state/county Foreign postal code

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1957 Are blind **Spouse:** Was born before January 2, 1957 Is blind

Dependents (see instructions):
 If more than four dependents, see instructions and check here ▶

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2				1
2a	Tax-exempt interest	2a		b Taxable interest	2b
3a	Qualified dividends	3a		b Ordinary dividends	3b
4a	IRA distributions	4a		b Taxable amount	4b
5a	Pensions and annuities	5a		b Taxable amount	5b
6a	Social security benefits	6a		b Taxable amount	6b
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here				7
8	Other income from Schedule 1, line 10				8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income				9
10	Adjustments to income from Schedule 1, line 26				10
11	Subtract line 10 from line 9. This is your adjusted gross income				11
12a	Standard deduction or itemized deductions (from Schedule A)	12a			
b	Charitable contributions if you take the standard deduction (see instructions)	12b			
c	Add lines 12a and 12b				12c
13	Qualified business income deduction from Form 8995 or Form 8995-A				13
14	Add lines 12c and 13				14
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-				15

Attach Sch. B if required.

Standard Deduction for—
 • Single or Married filing separately, \$12,950
 • Married filing jointly or Qualifying surviving spouse, \$25,900
 • Head of household, \$19,400
 • If you checked any box under Standard Deduction, see instructions.

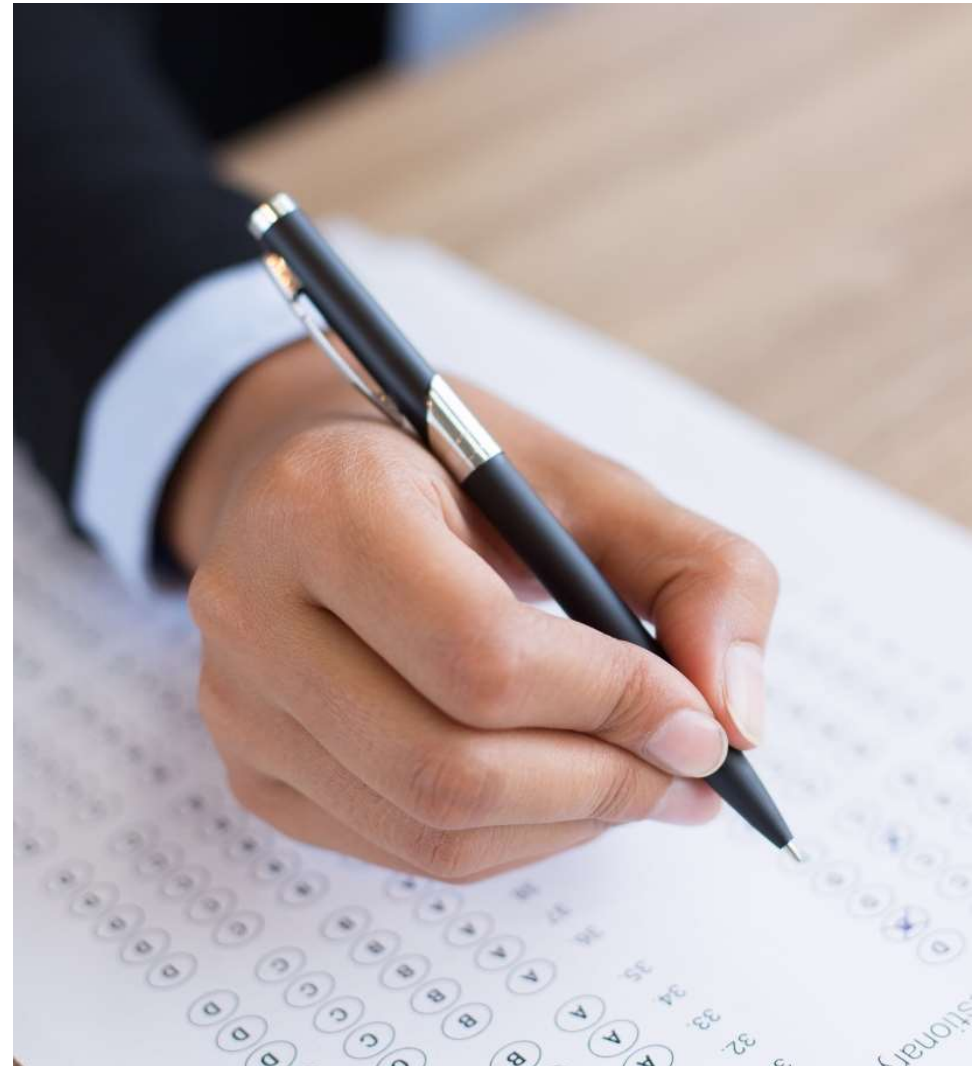
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040**



Knowledge Check Three

Is the following **True** or **False**?

- Guaranteed Payments to Partners are determined by the individual partner's profit percentage.



Check Your Understanding Three

The correct answer is **False**.

- Guaranteed Payments to Partners are determined by the Partnership Agreement, without regard to profit or ownership percentages. If applicable, they are paid out regardless of business performance (profit or loss).



S Corporations



S Corporation Definition

An S Corporation is a corporation that elects to pass income, losses, deductions and credits through to their shareholders for federal tax purposes.

Owners are called shareholders.



S Corporations

The business itself pays no business income tax. Instead, the owner pays taxes on the income at individual rates.

An S Corporation will report the income and expenses of the business on Form 1120-S, which is a separate business tax return. Owners typically receive W-2s.

The net income (or loss) on the 1120-S is carried to the individual's K-1 Form. Taxable income is passed through to the Schedule E.

S Corporations
are limited to
100
Shareholders.

1120-S



The 1120-S is made up of six (5) pages, but the filed return may be much longer due to additional schedules and attachments.

Form 1120-S U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to www.irs.gov/Form1120S for instructions and the latest information.

Department of the Treasury Internal Revenue Service

For calendar year or tax year beginning ending , 20

A S election effective date

Name

D Employer identification number

B Business activity code number (see instructions)

TYPE OR PRINT

Number, street, and room or suite no. If a P.O. box, see instructions.

E Date incorporated

City or town, state or province, country, and ZIP or foreign postal code

F Total assets (see instructions)

C Check if Sch. M-3 attached

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. Yes No

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination

I Enter the number of shareholders during any part of the tax year

J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	1b	1c
1a Gross receipts or sales			
b Returns and allowances			
c Balance. Subtract line 1b from line 1a			2
2 Cost of goods sold (attach Form 1125-A)			3
3 Gross profit. Subtract line 2 from line 1c			4
4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			5
5 Other income (loss) (see instructions—attach statement)			6
6 Total income (loss). Add lines 3 through 5			7
7 Compensation of officers (see instructions—attach Form 1125-E)			8
8 Salaries and wages (less employment credits)			9
9 Repairs and maintenance			10
10 Bad debts			11
11 Rents			12
12 Taxes and licenses			13
13 Interest (see instructions)			14
14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			15
15 Depletion (Do not deduct oil and gas depletion.)			16
16 Advertising			17
17 Pension, profit-sharing, etc., plans			18
18 Employee benefit programs			19
19 Other deductions (attach statement)			20
20 Total deductions. Add lines 7 through 19			21
21 Ordinary business income (loss). Subtract line 20 from line 6			22a
22a Excess net passive income or LIFO recapture tax (see instructions)			22b
22b Tax from Schedule D (Form 1120-S)			22c
22c 2021 estimated tax payments and 2020 overpayment credited to 2021			23a
b Tax deposited with Form 7004			23b
c Credit for federal tax paid on fuels (attach Form 4136)			23c
d Add lines 23a through 23c			23d
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached			25
25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			26
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			27
27 Enter amount from line 26: Credited to 2022 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Print/Type preparer's name _____ Preparer's signature _____ Date _____

Check if self-employed if not self-employed

May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Firm's EIN

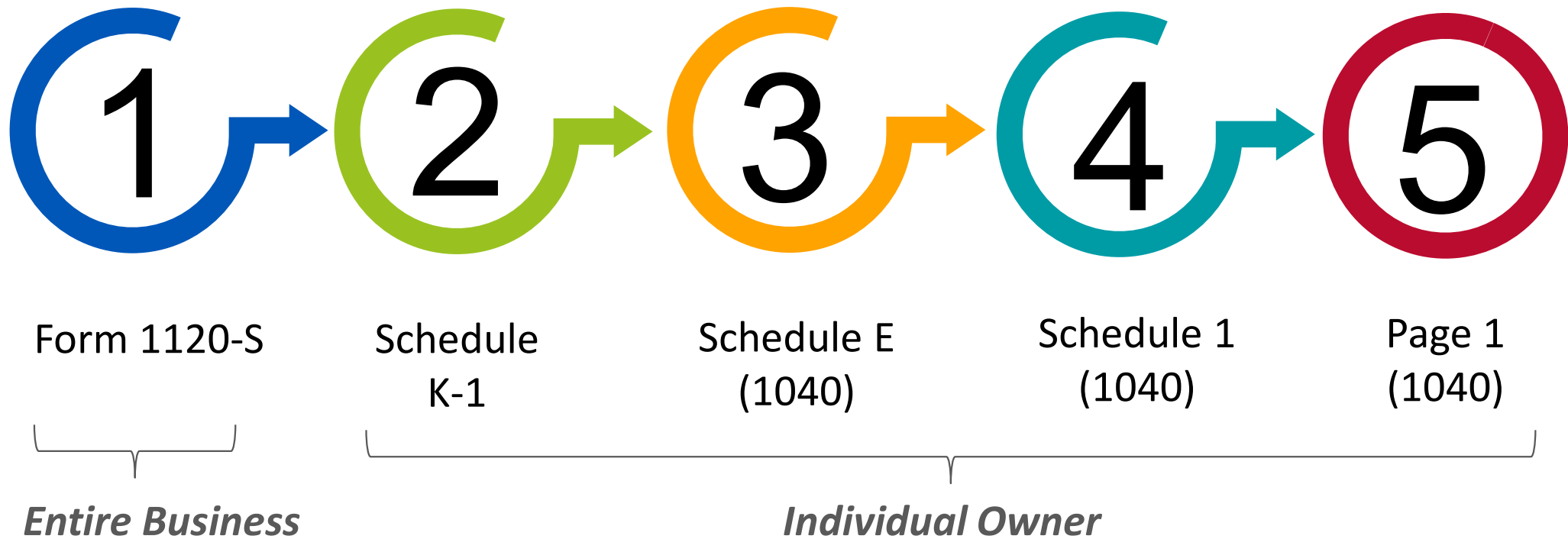
Firm's address

Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S

Form 1120-S Business Tax Returns 101 65

S Corporation – How Income Flows



S Corporations Cash Flow

Form 1120-S



Form 1120-S U.S. Income Tax Return for an S Corporation
 OMB No. 1545-0123
 Department of the Treasury Internal Revenue Service
 Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
 Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year or tax year beginning ending , 20

A S election effective date Name **D** Employer identification number

B Business activity code number (see instructions) **TYPE OR PRINT** Number, street, and room or suite no. If a P.O. box, see instructions. **E** Date incorporated

City or town, state or province, country, and ZIP or foreign postal code **F** Total assets (see instructions) \$

C Check if Sch. M-3 attached

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. Yes No

H Check it: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination

I Enter the number of shareholders who were shareholders during any part of the tax year

J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	
	b Returns and allowances	1b	
	c Balance. Subtract line 1b from line 1a		1c
	2 Cost of goods sold (attach Form 1125-A)		2
	3 Gross profit. Subtract line 2 from line 1c		3
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4
5 Other income (loss) (see instructions—attach statement)		5	
6 Total income (loss). Add lines 3 through 5		6	
Deductions (see instructions for limitations)	7 Compensation of officers (see instructions—attach Form 1125-E)		7
	8 Salaries and wages (less employment credits)		8
	9 Repairs and maintenance		9
	10 Bad debts		10
	11 Rents		11
	12 Taxes and licenses		12
	13 Interest (see instructions)		13
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		14
	15 Depletion (Do not deduct oil and gas depletion.)		15
	16 Advertising		16
	17 Pension, profit-sharing, etc., plans		17
	18 Employee benefit programs		18
	19 Other deductions (attach statement)		19
	20 Total deductions. Add lines 7 through 19		20
21 Ordinary business income (loss). Subtract line 20 from line 6		21	
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a	
	b Tax from Schedule D (Form 1120-S)	22b	
	c Add lines 22a and 22b (see instructions for additional taxes)		22c
	23a 2021 estimated tax payments and 2020 overpayment credited to 2021	23a	
	b Tax deposited with Form 7004	23b	
	c Credit for federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c		23d
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>		24
25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed		25	
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26	
27 Enter amount from line 26: Credited to 2022 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		27	

Sign Here
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer Date Title

May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Paid Preparer Use Only
 Print/Type preparer's name Preparer's signature Date Check if self-employed PTIN
 Firm's name Firm's EIN
 Firm's address Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S

Income Section

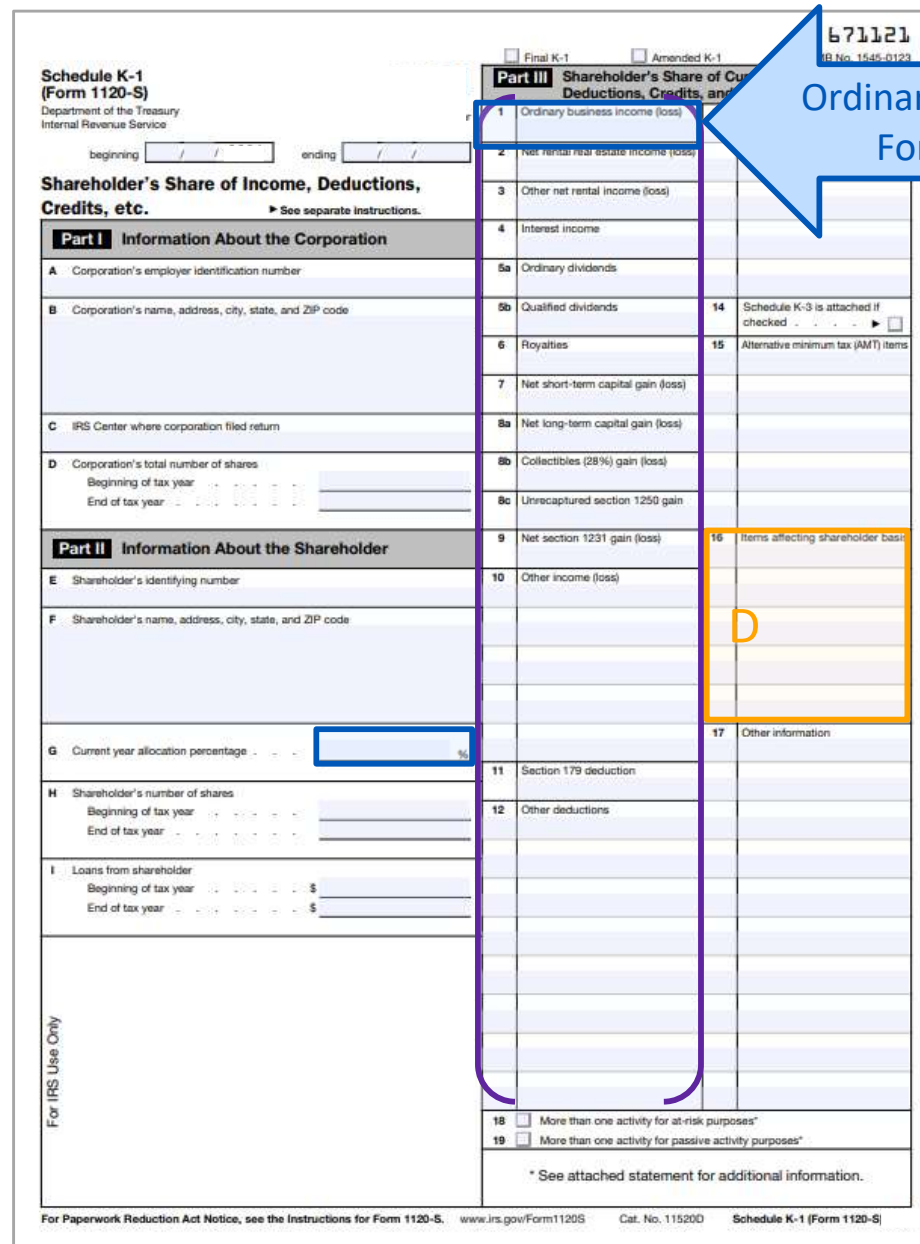
Deductions Section

Compensation of Officers to Form 1125-E and 1040.

Ordinary Income to Schedule K-1s.

S Corporations Cash Flow Schedule K-1 (Form 1120-S)

Ordinary
Income (or
Loss) from the
1120-S is
multiplied by
the Current
Year
Allocation
Percentage.

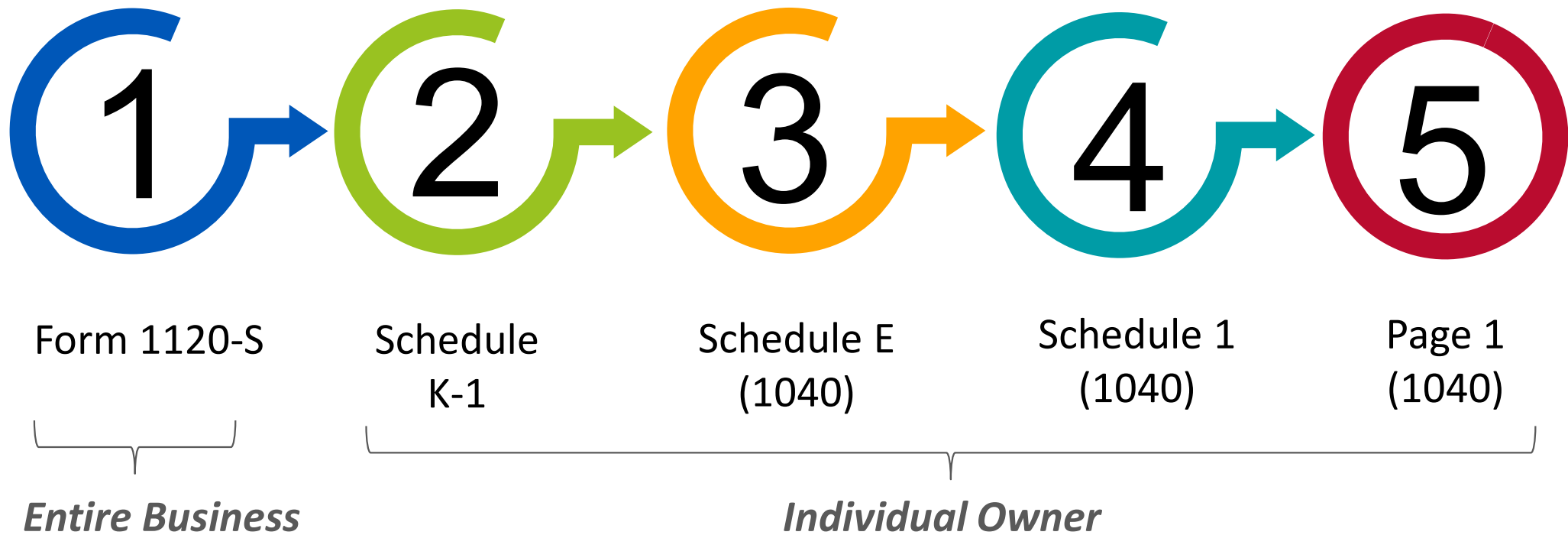


The image shows a Form 1120-S Schedule K-1 with several annotations:

- Part III Shareholder's Share of Current Deductions, Credits, and Other Income (Loss)**: A blue box highlights line 1, "Ordinary business income (loss)". A blue arrow points from this box to a callout box that says "Ordinary Income from Form 1120-S."
- Part I Information About the Corporation**: A blue box highlights the "Current year allocation percentage" field (line G), which is currently blank.
- Part II Information About the Shareholder**: A blue box highlights the "Shareholder's identifying number" field (line E), which is currently blank.
- Part III**: A yellow box highlights line 16, "Items affecting shareholder basis", which is currently blank.

Income and
deductions
are typically
combined
and transfer
to the
Schedule E
as either
Passive or
Non-Passive
Income or
Loss.

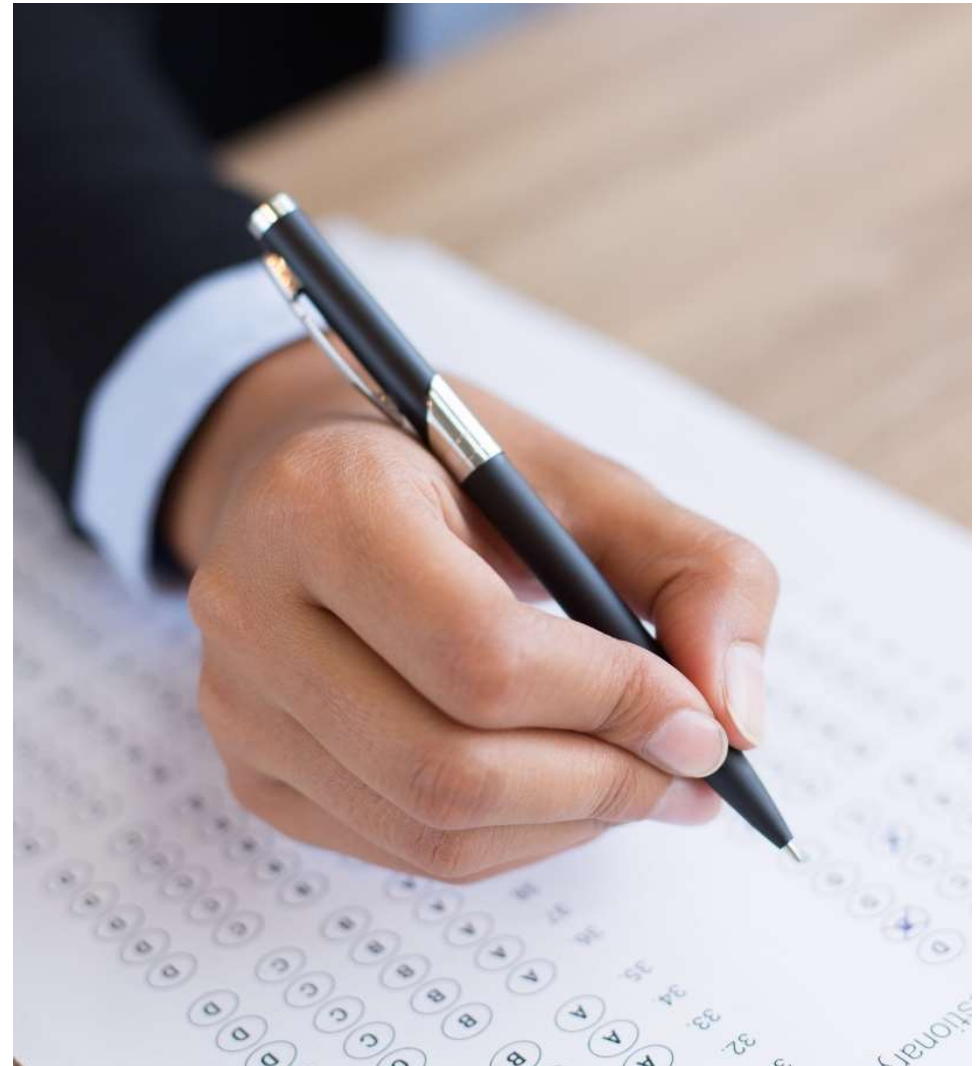
S Corporation – How Income Flows



Knowledge Check Four

Is the following **True** or **False**?

- The 1120-S is made up of five (5) pages, but the filed return may be much longer due to additional schedules and attachments.

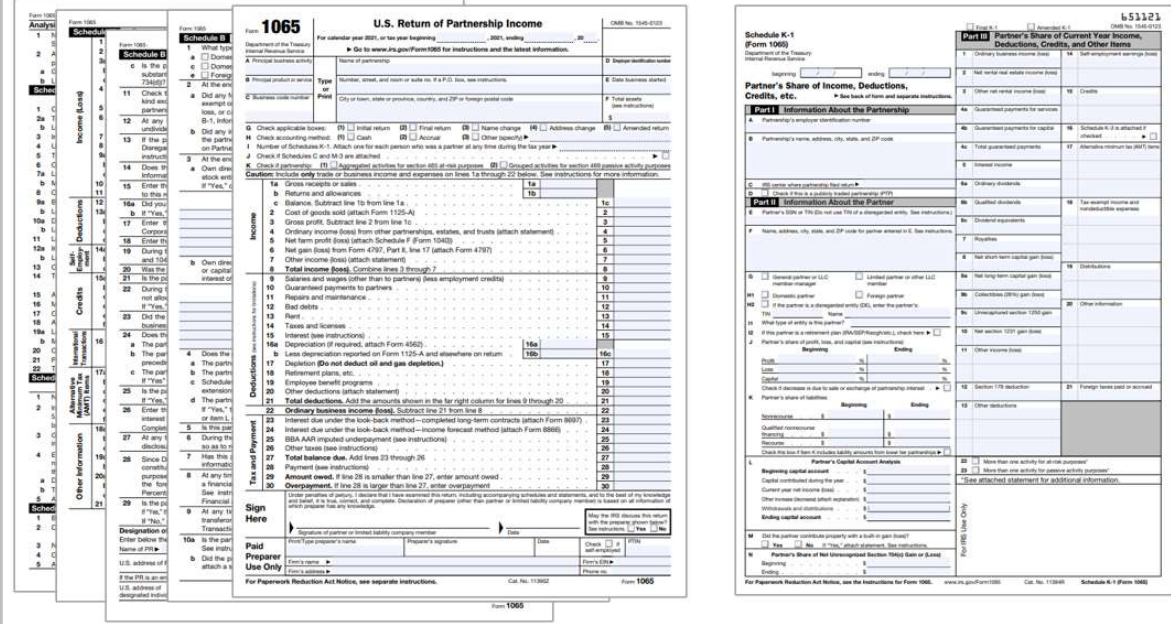


Check Your Understanding Four

The correct answer is **True**.

- The 1120-S is made up of five (5) pages, but the filed return may be much longer due to additional schedules and attachments.

The 1065 is made up of five (5) pages, but the filed return may be much longer due to additional schedules and attachments.



The image displays three pages of tax forms. The top page is Form 1065, U.S. Return of Partnership Income, which includes sections for Schedule B (Partnership information), Schedule C (Business information), and various income and deduction categories. The middle page is Schedule K-1 (Form 1065) Partner's Share of Current Year Income, Deductions, Credits, and Other Items, which details the partner's share of income and deductions. The bottom page is Schedule K-1 (Form 1065) Information About the Partnership, which provides information about the partnership and the partner's share of income.

Limited Liability Companies



Limited Liability Company Definition

A Limited Liability Company is a hybrid legal entity (allowed by state statute) that has certain characteristics of both a Corporation and a Partnership or Sole Proprietorship. Owners are called members.



Limited Liability Companies

The business itself pays no business income tax. Instead, the owner pays taxes on the income at individual rates.

A multi-member LLC will report the income and expenses for the business on either Form 1065 or Form 1120-S (they can choose how they wish to structure). A single-member LLC will file a Schedule C.

If the business is structured like an S Corporation, W-2s are typical. However, if structured like a Sole Proprietorship or Partnership, owners do not typically receive W-2s.

Limited Liability Companies



Limited Liability Companies do not have their "own" tax form — they will file either a Schedule C, Form 1065 or Form 1120-S.

SCHEDULE C (Form 1040) Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/ScheduleC for instructions and the latest information.

Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships

Name of proprietor

A Principal business or profession, including product or service (see instructions)

C Business name, if no separate business name, leave blank.

E Business address (including suite or room no.)
City, town or post office, state, and ZIP code

F Accounting method: (1) Cash (2) Accrual (3) Other (specify)

G Did you "materially participate" in the operation of this business during 2021? If "No,"

H If you started or acquired this business during 2021, check here

I Did you make any payments in 2021 that would require you to file Form(s) 1099? See **J** If "Yes," did you or will you file required Form(s) 1099?

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box. If this income is Form W-2 and the "Statutory employee" box on that form was checked

2 Returns and allowances

3 Subtract line 2 from line 1

4 Cost of goods sold (from line 4e)

5 **Gross profit.** Subtract line 4 from line 3

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)

7 **Gross income.** Add lines 5 and 6

Part II Expenses. Enter expenses for business use of your home only on line 28

8 Advertising	9	18 Office expenses
9 Car and truck expenses (see instructions)	10	19 Pension and
10 Commissions and fees	11	20 Rent or lease
11 Contract labor (see instructions)	12	a Vehicles, ma
12 Depletion	13	b Other busine
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	14	21 Repairs and
14 Employee benefit programs (other than on line 19)	15	22 Supplies (not
15 Insurance (other than health)	16	23 Taxes and li
16 Interest (see instructions):	17	24 Travel and m
a Mortgage (paid to banks, etc.)	18	a Travel
b Other	19	b Deductible r
17 Legal and professional services	20	25 Utilities
	21	26 Wages (less
	22	27a Other exper
	23	b Reserved fo

28 **Total expenses before expenses for business use of home.** Add lines 8 through 27a

29 Tentative profit or (loss). Subtract line 28 from line 7

30 Expenses for business use of your home. Do not report these expenses elsewhere unless using the simplified method. See instructions.

Simplified method first only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____

Method Worksheet in the instructions to figure the amount to enter on line 30

31 **Net profit or (loss).** Subtract line 30 from line 29.

• If a profit, enter on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 3,** and check the box on line 1, see instructions). Estates and trusts, enter on **Form 1041,**

• If a loss, you **must** go to line 32.

32 If you have a loss, check the box that describes your investment in this activity. See instructions.

• If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3,** and on **SE, line 3.** (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts on **Form 1041, line 3.**

• If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.

For Paperwork Reduction Act Notice, see the separate instructions.

Form 1065 U.S. Return of Partnership Income

OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form1065 for instructions and the latest information.

For calendar year 2021, or tax year beginning _____ ending _____, 20____

A Principal business activity

B Principal product or service

C Business code number

D Employer identification number

E Date business started

F Total assets (see instructions)

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

I Number of Schedules K-1. Attach one for each partner who was a partner at any time during the tax year

J Check if Schedules C and M-3 are attached

K Check if partnership: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.

Income	1a	1b	1c
1a Gross receipts or sales			
b Returns and allowances			
c Balance. Subtract line 1b from line 1a			
2 Cost of goods sold (attach Form 1125-A)			
3 Gross profit. Subtract line 2 from line 1c			
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			
5 Net farm profit (loss) (attach Schedule F (Form 1040))			
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			
7 Other income (loss) (attach statement)			
8 Total income (loss). Combine lines 3 through 7			
Deductions (see instructions for limitations)	9	10	16a
9 Salaries and wages (other than to partners) (less employment credits)			
10 Guaranteed payments to partners			
11 Repairs and maintenance			
12 Bad debts			
13 Taxes and licenses			
14 Rent			
15 Interest (see instructions)			
16a Depreciation (if required, attach Form 4562)			
b Less depreciation reported on Form 1125-A and elsewhere on return			
17 Depletion (Do not deduct oil and gas depletion.)			
18 Retirement plans, etc.			
19 Employee benefit programs			
20 Other deductions (attach statement)			
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			
22 Ordinary business income (loss). Subtract line 21 from line 8			
Tax and Payment	23	24	25
23 Interest due under the look-back method—completed long-term contracts (attach Form 9697)			
24 Interest due under the look-back method—income forecast method (attach Form 8866)			
25 BBA AAR imputed underpayment (see instructions)			
26 Other taxes (see instructions)			
27 Total balance due. Add lines 23 through 26			
28 Payment (see instructions)			
29 Amount owed. If line 28 is smaller than line 27, enter amount owed			
30 Overpayment. If line 28 is larger than line 27, enter overpayment			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information which preparer has any knowledge.

Signature of partner or limited liability company member _____ Date _____

Print/Type preparer's name _____ Preparer's signature _____ Date _____

Check if self-employed PTIN _____

Firm's name _____ Firm's EIN _____

Firm's address _____ Phone no. _____

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 113902 Form 1065

Form 1120-S U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2021, or tax year beginning _____ ending _____, 20____

A S election effective date

B Business activity code number (see instructions)

C Check if Sch. M-3 attached

D Employer identification number

E Date incorporated

F Total assets (see instructions)

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. Yes No

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination

I Enter the number of shareholders who were shareholders during any part of the tax year

J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	1b	1c
1a Gross receipts or sales			
b Returns and allowances			
c Balance. Subtract line 1b from line 1a			
2 Cost of goods sold (attach Form 1125-A)			
3 Gross profit. Subtract line 2 from line 1c			
4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			
5 Other income (loss) (see instructions—attach statement)			
6 Total income (loss). Add lines 3 through 5			
Deductions (see instructions for limitations)	7	8	14
7 Compensation of officers (see instructions—attach Form 1125-E)			
8 Salaries and wages (less employment credits)			
9 Repairs and maintenance			
10 Bad debts			
11 Rents			
12 Taxes and licenses			
13 Interest (see instructions)			
14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			
15 Depletion (Do not deduct oil and gas depletion.)			
16 Advertising			
17 Pension, profit-sharing, etc., plans			
18 Employee benefit programs			
19 Other deductions (attach statement)			
20 Total deductions. Add lines 7 through 19			
21 Ordinary business income (loss). Subtract line 20 from line 6			
Tax and Payments	22a	22b	22c
22a Excess net passive income or LIFO recapture tax (see instructions)			
b Tax from Schedule D (Form 1120-S)			
c Add lines 22a and 22b (see instructions for additional taxes)			
23a 2021 estimated tax payments and 2020 overpayment credited to 2021			
b Tax deposited with Form 7004			
c Credit for federal tax paid on fuels (attach Form 4136)			
d Add lines 23a through 23c			
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached			
25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			
27 Enter amount from line 26: Credited to 2022 estimated tax _____ Refunded _____			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Print/Type preparer's name _____ Preparer's signature _____ Date _____

Check if self-employed PTIN _____

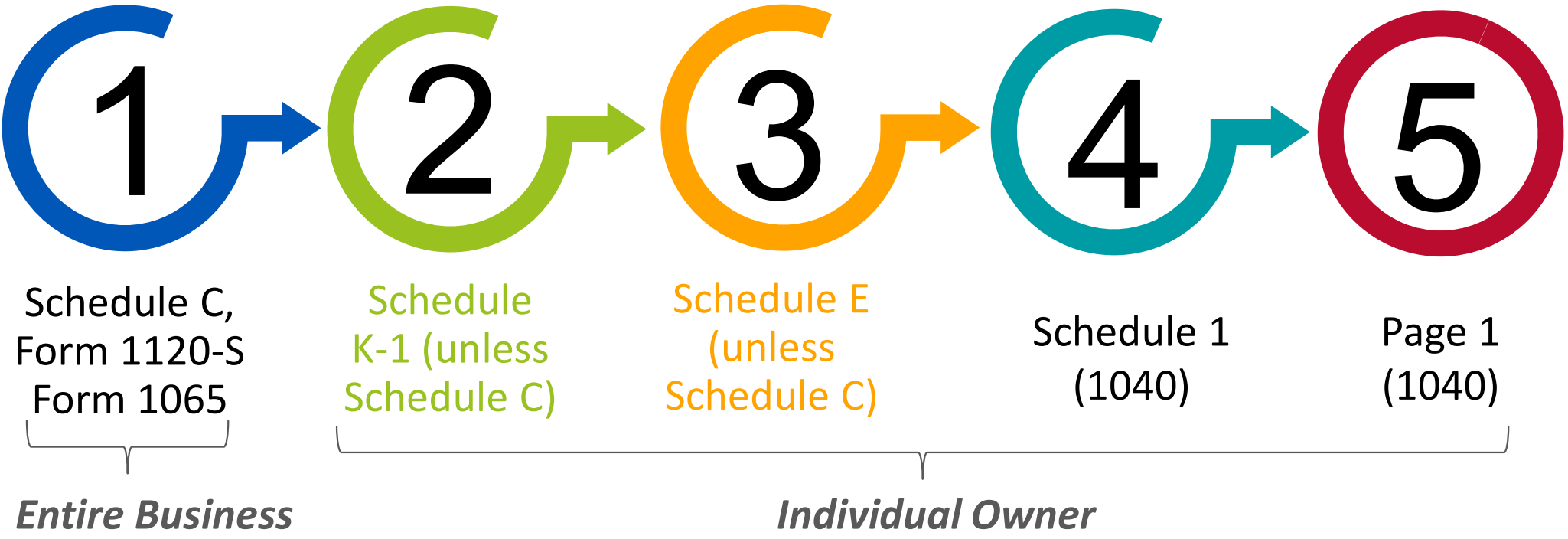
Firm's name _____ Firm's EIN _____

Firm's address _____ Phone no. _____

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S

Business Tax Returns 101 75

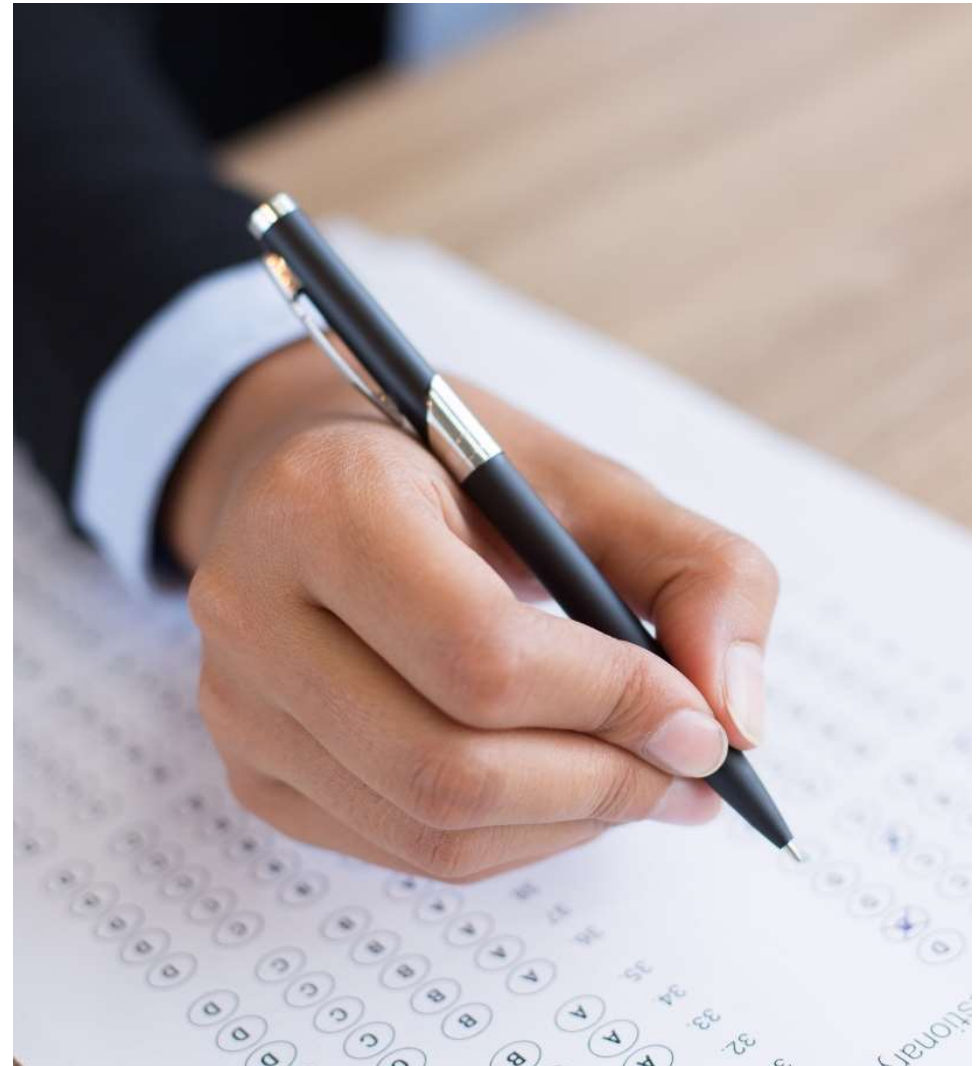
Limited Liability Company – How Income Flows



Knowledge Check Five

Is the following **True** or **False**?

- Since there is no LLC tax form, all multi-member limited liability companies must file an 1120-S.



Check Your Understanding Five

The answer is ***False***.

- Multi-member LLCs can choose to structure and file as either a partnership (1065) or an S-Corporation (1120-S).



Corporations



Corporation Definition

A Corporation is a company authorized to act as a single entity. In forming a Corporation, prospective shareholders exchange money, property, or both, for the Corporation's capital stock. Owners are called shareholders.



The business itself pays business income tax on its income. W-2s for owners are typical. Each owner pays tax on dividends and wages at a personal tax rate.

A Corporation will report the income and expenses for the business on Form 1120.

Corporations do not file K-1s since there is no pass-through taxation. Form 1125-E shows ownership.*

*Form 1125-E isn't a required filing if total receipts are <\$500,000.

Corporations

Closely Held

Generally, a closely held Corporation is a Corporation that has more than 50% of the value of its outstanding stock owned (directly or indirectly) by five or fewer individuals at any time during the last half of the tax year.

Publicly Traded

Publicly traded companies, or public companies, are Corporations that have sold their shares on a public stock exchange through an initial public offering to the general public. This allows anyone to purchase or sell ownership **shares** of the company.

Corporation – Form 1120



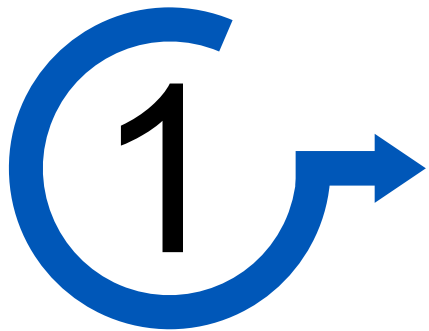
The 1120 is made up of six (6) pages, but the filed return may be much longer due to additional schedules and attachments.

The image displays a collage of six pages from the Form 1120 U.S. Corporation Income Tax Return. The pages shown are:

- Schedule L - Balance Sheet:** Lists assets such as cash, trade notes, inventories, U.S. government obligations, and other current assets, as well as liabilities and shareholder accounts.
- Schedule K - Other Information:** Contains questions about the corporation's total receipts, filing requirements, and whether it is a subsidiary in an affiliated group.
- Schedule J - Tax Computation:** Details the calculation of taxable income, including adjustments for depreciation, depletion, amortization, and other tax-exempt income.
- Schedule C - Dividends, Inclusions, Instructions:** Provides instructions for reporting dividends from various sources, including less-than-20%-owned corporations and preferred stock.
- Schedule M-1 - Reconciliation:** Reconciles the net income (loss) per books with the federal income tax per books, accounting for excess capital losses and other adjustments.
- Schedule M-2 - Analysis of Payments:** Analyzes the corporation's payments, including tax-exempt interest, Section 250 deduction, and total payments and credits.

The main Form 1120 page is also visible, showing the header with the form number, title, and OMB No. 1545-0123. It includes fields for the calendar year, tax year beginning and ending, and a table for reporting income and deductions. The table has columns for 'Income' and 'Deductions (See instructions for limitations on deductions)'. The 'Income' section includes lines for gross receipts, returns and allowances, cost of goods sold, gross profit, dividends and inclusions, interest, gross rents, gross royalties, capital gain net income, net gain or (loss), and other income. The 'Deductions' section includes lines for compensation of officers, salaries and wages, repairs and maintenance, bad debts, rents, taxes and licenses, interest, charitable contributions, depreciation, advertising, pension, profit-sharing, etc., plans, employee benefit programs, reserved for future use, other deductions, total deductions, net operating loss deduction, and special deductions. The form also includes a section for 'Taxable Income' and 'Total Payments and Credits'.

Corporation – How Income Flows



Form 1120.



Form 1125-E
(If gross receipts are
> \$500,000).



Dividends and W2 wages
reported on 1040 (Schedule
B and Page 1, respectively).

Entire Business

Individual Owner

Corporations Cash Flow

Form 1120



1120 U.S. Corporation Income Tax Return OMB No. 1545-0123

Form 1120 Department of the Treasury Internal Revenue Service

For calendar year or tax year beginning ending 20

Go to www.irs.gov/Form1120 for instructions and the latest information.

A Check if:

1a Consolidated return (attach Form 851) **TYPE OR PRINT**

b Life/nonlife consolidated return

2 Personal holding co. (attach Sch. PH)

3 Personal service corp. (see instructions)

4 Schedule M-3 attached

B Employer identification number

C Date incorporated

D Total assets (see instructions)

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income Section

Income

1a Gross receipts or sales 1a

b Returns and allowances 1b

c Balance. Subtract line 1b from line 1a 1c

2 Cost of goods sold (attach Form 1125-A) 2

3 Gross profit. Subtract line 2 from line 1c 3

4 Dividends and inclusions (Schedule C, line 23) 4

5 Interest 5

6 Gross rents 6

7 Gross royalties 7

8 Capital gain net income (attach Schedule D (Form 1120)) 8

9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9

10 Other income (see instructions—attach statement) 10

11 **Total income.** Add lines 3 through 10 11

Deductions Section

Deductions (See instructions for limitations on deductions.)

12 Compensation of officers (see instructions—attach Form 1125-E) 12

13 Salaries and wages (less employment credits) 13

14 Repairs and maintenance 14

15 Bad debts 15

16 Rents 16

17 Taxes and licenses 17

18 Interest (see instructions) 18

19 Charitable contributions 19

20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) 20

21 Depletion 21

22 Advertising 22

23 Pension, profit-sharing, etc., plans 23

24 Employee benefit programs 24

25 Reserved for future use 25

26 Other deductions (attach statement) 26

27 **Total deductions.** Add lines 12 through 26 27

28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11. 28

29a Net operating loss deduction (see instructions) 29a

b Special deductions (Schedule C, line 24) 29b

c Add lines 29a and 29b 29c

30 **Taxable income.** Subtract line 29c from line 28. See instructions 30

31 **Total tax (Schedule J, Part I, line 11)** 31

32 Reserved for future use 32

33 Total payments and credits (Schedule J, Part III, line 23) 33

34 **Estimated tax penalty.** See instructions. Check if Form 2220 is attached 34

35 **Amount owed.** If line 33 is smaller than the total of lines 31 and 34, enter amount owed 35

36 **Overpayment.** If line 33 is larger than the total of lines 31 and 34, enter amount overpaid 36

37 Enter amount from line 36 you want: **Credited to 2022 estimated tax** Refunded 37

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer Date Title

Print/type preparer's name Preparer's signature Date Check if self-employed PTIN

Paid Preparer Use Only

Firm's name Firm's EIN

Firm's address Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form 1120

Income Section

Deductions Section

Compensation of Officers to Form 1125-E.

Profit Can Become Dividends and/or Retained Earnings.

Form 1125-E

- Form 1125-E is a Compensation of Officers schedule. It breaks down the names, stock ownership and amount of compensation for S Corporations and Corporations with \$500,000 or more in total receipts.

Form 1125-E (Rev. October 2016) Department of the Treasury Internal Revenue Service		Compensation of Officers ▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S. ▶ Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e .			OMB No. 1545-0123	
Name ABC Corporation				Employer identification number 98-7654321		
Note: Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.						
(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation	
			(d) Common	(e) Preferred		
Frankie Owner	321-45-6789	100 %	25 %	20 %	\$275,000	
Johnny Owner	123-45-6789	100 %	20 %	15 %	\$250,000	

Compensation of Officers from Form 1120.

Compensation of Officers to 1040 as W-2.

- For S Corporations, this form isn't vital, since you will have a K-1. But for Corporations, if this form isn't filed, you'll have to go to outside sources to obtain ownership interest information for your borrower (State Corporation Commission, Articles of Incorporation, etc.).

Form 1040, Schedule B (Form 1040)



Form 1040 Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial Last name Your social security number
If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
Foreign country name Foreign province/state/country Foreign postal code

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

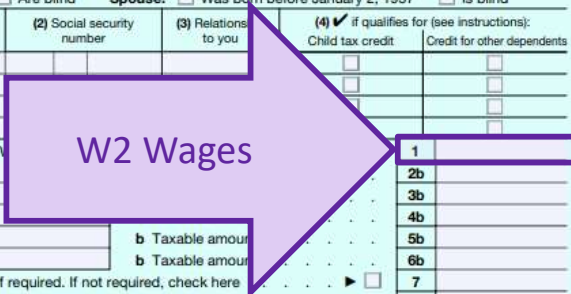
Age/Blindness You: Were born before January 2, 1957 Are blind Spouse: Was born before January 2, 1957 Is blind

Dependents (see instructions):
(1) First name Last name (2) Social security number (3) Relations to you (4) if qualifies for (see instructions):
Child tax credit Credit for other dependents

If more than four dependents, see instructions and check here

1	Wages, salaries, tips, etc. Attach Form(s) W-2	2a	Tax-exempt interest	3a	Qualified dividends	4a	IRA distributions	5a	Pensions and annuities	6a	Social security benefits	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	8	Other income from Schedule 1, line 10	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	10	Adjustments to income from Schedule 1, line 26	11	Subtract line 10 from line 9. This is your adjusted gross income	12a	Standard deduction or itemized deductions (from Schedule A)	12b	Charitable contributions if you take the standard deduction (see instructions)	12c	Add lines 12a and 12b	13	Qualified business income deduction from Form 8995 or Form 8995-A	14	Add lines 12c and 13	15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-
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For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040



SCHEDULE B (Form 1040) Interest and Ordinary Dividends OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99) ▶ Go to www.irs.gov/ScheduleB for instructions and the latest information. ▶ Attach to Form 1040 or 1040-SR. Attachment Sequence No. 06

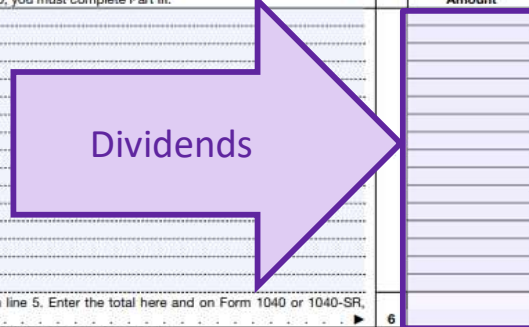
Name(s) shown on return Your social security number

Part I Interest
1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ▶
(See instructions and the Instructions for Form 1040, line 2b.)
Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.
2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b
Note: If line 4 is over \$1,500, you must complete Part III.

Part II Ordinary Dividends
5 List name of payer ▶
(See instructions and the Instructions for Form 1040, line 3b.)
Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.
6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b
Note: If line 6 is over \$1,500, you must complete Part III.

Part III Foreign Accounts and Trusts
You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.
7a At any time during 2021, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements
b If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶
8 During 2021, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions.

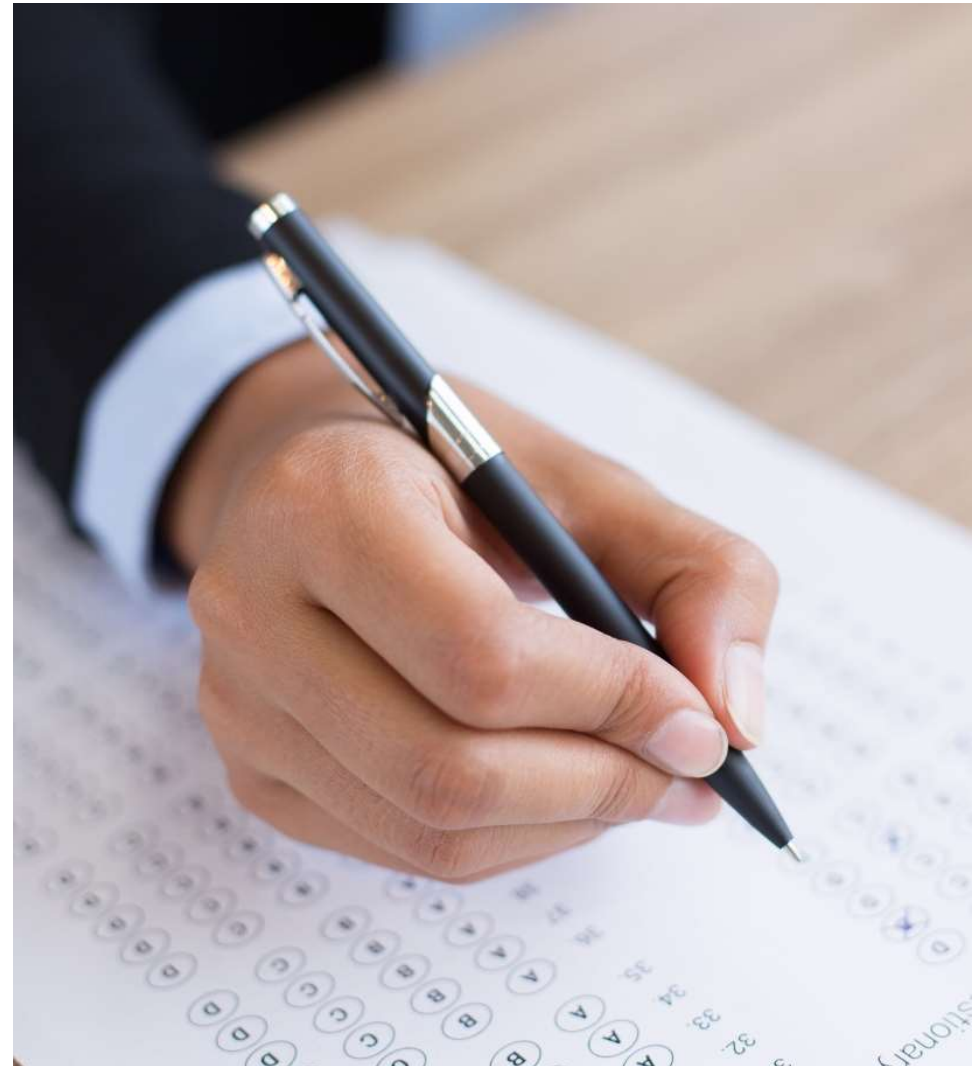
For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 17148N Schedule B (Form 1040)



Knowledge Check Six

Which of the following is NOT considered a pass-through entity?

1. Sole Proprietorship.
2. Partnership.
3. S Corporation.
4. Limited Liability Companies.
5. Corporation.



Check Your Understanding Six

The correct answer is **5.**

Corporation.

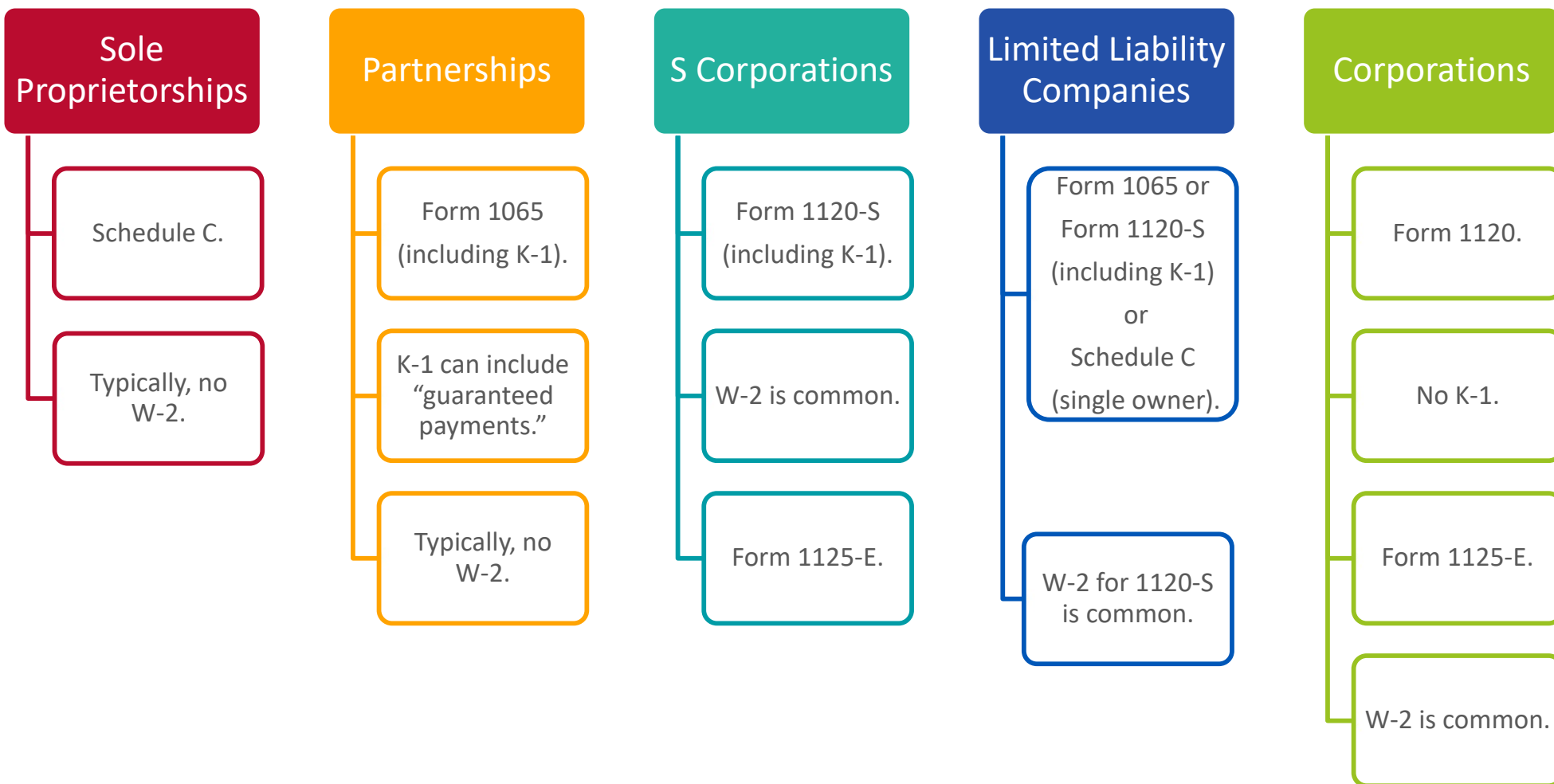
- A corporation is NOT considered a pass-through entity as it does not file a K-1. Form 1125-E shows ownership.



Recap of Business Entities and Forms



Business Entities Forms and Schedules



Tools, Questions and Contact



The screenshot shows the Arch MI website with several annotations. A yellow circle highlights the 'Training' dropdown menu in the top navigation bar. A yellow arrow points from this menu to a white box containing a list of training resources: 'Course Offerings', 'Training Videos and Podcasts', 'Training Resources', and 'Homebuyer Education'. Another yellow arrow points from the 'Training Resources' item in this box to a yellow callout box. A third yellow arrow points from the 'Training Resources' box to a blue banner area. A vertical blue sidebar on the right contains three buttons: 'Get a Quote', 'Order MI', and 'Service Loans'.

Arch MI

Origination & Servicing | Underwriting | Training | Resources | Contact Us

Welcome to Arch MI

Arch MI offers credit risk enhancement products, expert risk management and financial solutions to help lenders and investors reduce their exposure to mortgage risk.

- Course Offerings
- Training Videos and Podcasts
- Training Resources
- Homebuyer Education

Calculators under Training Resources > Income Analysis

If you are ready for the next step, check out our Business Tax Returns 201 webinar or video.

Get a Quote

Order MI

Service Loans

Get a Quote

Run a quote using RateStar, the industry's preferred risk-based MI pricing platform. [Learn more >](#)

Order MI & Service Loans

Log in to CONNECT to order MI and service your policies in a safe, secure environment. [Learn more >](#)

Look Up Loan Status

Need to know the underwriting status of your MI request in a hurry? Our Loan Status Lookup is here to help.



THANK YOU

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Diana Swift

Senior National Trainer
and Instructional Designer

dswift@archmi.com

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