THE SETO - SELF-EMPLOYMENT TAX ORGANIZER, TY 2021

Happenings in 2022

Due public health concerns, all tax, and financial services at Prepare + Prosper will be on an appointment only basis. Documents may need to be downloaded, mailed or dropped off to us.

Reminder – started in 2020, **Form 1099-NEC** (Nonemployee Compensation) has replaced Form-MISC (Miscellaneous income) to list compensation to a self-employed business or service.

The Basics

The SETO is based on ***Schedule C, Profit or Loss from a Business or Service.*** Use this tool to record your income and expenses from only your self-employment.

Eligibility

- Total annual household income of $55,000 or less (gross income from all sources).
- Sole proprietors, independent contractors, and single member LLC's only.
- We do **not** prepare returns for corporations, partnerships, businesses with employees, taxi drivers, clergy, day trader, returns with income from rental property including renters in your home or returns with any crypto currency transactions.

Filling out the form

- Fill out the organizer with just your self-employment income and expenses. The organizer has different sections and not all apply to your business. Use actual amounts; do not round off. Do not list income from W-2s on the organizer
- If you don't find a category for an expense feel free to write it in the "**other**" category and identify what it is.

Visit prepareandprosper.org/customer-tax-tools, for tools such as mileage logs, income and expense worksheets, tips on making estimated tax payments, a cheat sheet on how to fill out the SETO.

Check out irs.gov for useful tools and videos. Key words: small biz and irsvideos.gov.

What is needed for your tax appointment

- The organizer **must be completed before your appointment.**
- Photo ID for taxpayer (and spouse if filing jointly). Both spouses must take part in the process for a joint return.
- Social Security card or Individual Taxpayer Identification Number (ITIN) card/letter for all persons listed on the return.
- Birthdate for all persons listed on the return.
- Income statements and forms: W-2, 1099-NEC, and any other tax document.
- Copy of last year's return – this is important for self-employed taxpayers as it may have needed information about business or service necessary for this year's return.
- For direct deposit or direct debit – routing and account information.

We must have proof of your Social Security number (and everyone else on the return) by way of a Social Security card, digital image of it, a previous year's return, or a document from the IRS or Social Security Administration.

You do not need to bring supporting documentation to your appointment: Invoices, receipts, bank or credit card statements, and mileage logs, but do keep them for your records.

Contact information

Self-Employment Hotline
651-262-2169

Thomas Larson
Self-Employment Manager
thomas@prepareandprosper.org
651-262-2159

Note: Should you need to come to our office, the parking lot is located diagonally across the street from the building. Use access code **1040#** to enter the lot.

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BASIC INFORMATION

Your name: ______________________________

Business name: ______________________________
(If no separate business name, leave blank)

Business address, city, state, zip: ______________________________

Business or profession: ______________________________
(What do you do?)

Business telephone: ______________________________

Business start date: m/d/year: ______________________________

INCOME - FROM SELF-EMPLOYMENT ONLY	
Forms 1099-NEC	$
Form 1099-K	$
Total cash, checks, and credit card payments (to you) including tips	$
Other income – grants, awards and other	$
Total Gross Income	$

☑ Keep separate business accounts to simplify your finances and your deposits into these accounts should match (or come close to) your total gross income.

ESTIMATED TAX PAYMENTS	
Did you pay estimated tax payments to the IRS or Minnesota Department of Revenue in 2021 for tax year 2021?	Yes No
If yes, how much? Note: Estimated tax payments are paying ahead taxes ahead of time, e.g., paying estimated tax payments in 2021 for tax year 2021.	IRS $ MNDOR $

EXPENSES			
Advertising	$	Legal & professional fees	$
Contract labor	$	Office supplies (paper, toner, etc.)	$
Commissions & fees	$	Rent of space or equipment	$
Health insurance premiums	$	Repairs & maintenance -equipment	$
Business liability insurance	$	Other supplies	$
Business licenses	$	Interest –business loan or credit card	$
Sales tax paid to state	$	Business travel – airfare, hotel, etc.	$
Business meals w/ customers or traveling	$	Utilities (not household)	$

☑ Health insurance premiums in the name of the business or self-employed taxpayer, may be 100% deductible. If you received health insurance through MNsure, provide Form 1095-A.

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OTHER EXPENSES			
Professional education	$	Postage & Freight	$
Safety equipment (e.g., steel-toed boots) or specialized clothing (uniform)	$	Telephone – 2nd land line into home for business only	$
Dues or publications for professional organizations	$	Cell phone annual charges	$
Parking and tolls	$	Cell phone use percentage	%
Other- identify	$	Cell phone amount for Sch. C	$
Other- identify	$	Other- identify	$
Other- identify	$	Other- identify	$

☑ Don't round off expenses; use an exact amount. Not sure where to list something? Use "Other" and let us know what it is.

VEHICLE INFORMATION		
Month/day/year vehicle first used for business: / / Type of vehicle:		
Mileage in 2021: business miles ___________ commuting miles ___________ personal miles ___________		
Interest paid on car loan: $		
Do you (or your spouse) have another vehicle available for personal use?	☐ Yes	☐ No
Was your vehicle available for personal use during off-duty hours?	☐ Yes	☐ No
Do you have evidence to support your deduction?	☐ Yes	☐ No
If yes, is the evidence in writing?	☐ Yes	☐ No
For Uber or Lyft drivers, do you have the total online mileage summary?	☐ Yes	☐ No

☑ Your first trip from home to a work site and last trip from a work site to your home, are considered **commuting miles** (unless you have an office in the home) and are not deductible business miles. **Business miles** are from one work site to another work site and are deductible

EXPENSES: MAJOR PURCHASES			
Item	Month/day/year of purchase	Cost	Business use percentage
	/ /	$	%
	/ /	$	%

☑ If you had major purchases last year (or in previous years) and P+P did not prepare your return, it is especially important to bring in that return.

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EXPENSES: OFFICE IN THE HOME ***Space must be used exclusively for the business.***	
Area used for business or storage	square feet
Total area of house or apartment	square feet
Mortgage interest (homeowners)	$
Real estate taxes (homeowners)	$
Renter or homeowner insurance premiums	$
Rent	$
Repairs and maintenance	$
Utilities – gas and electric	$
Utilities - water, sewer, garbage	$
Homeowners only: A) What was the purchase price of the home? (Cost basis or FMV) B) What date was the home first placed into business?	A) $ B) / /

PRODUCTS SOLD BY DIRECT SELLER – COST OF GOODS SOLD	
1. Inventory at the beginning of the year	$
2. Product purchased during the year (less cost of products taken for personal use) List amount here of product taken for personal use $	$
3. Costs – materials and supplies	$
4. Cost of labor (not paid to self)	$
5. Add lines 1 through 4	$
6. Inventory at the end of the year	$
7. (For volunteer use) Cost of goods sold - subtract line 6 from line 5	$

☑ Note: Inventory is usually when you buy product in bulk and/or frequently throughout the year and sell it various buyers during the year. If you're unsure whether it's inventory or not, give us a call.