

**SCHEDULE C  
(Form 1040)**

**Profit or Loss From Business  
(Sole Proprietorship)**

OMB No. 1545-0074

**1996**

Attachment  
Sequence No. **09**

Department of the Treasury  
Internal Revenue Service (98)

▶ **Partnerships, joint ventures, etc., must file Form 1065.**

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

Name of proprietor \_\_\_\_\_ Social security number (SSN) \_\_\_\_\_

**A** Principal business or profession, including product or service (see page C-1) \_\_\_\_\_ **B** Enter principal business code (see page C-6) ▶ \_\_\_\_\_

**C** Business name. If no separate business name, leave blank. \_\_\_\_\_ **D** Employer ID number (EIN), if any \_\_\_\_\_

**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 1996? If "No," see page C-2 for limit on losses.  Yes  No

**H** If you started or acquired this business during 1996, check here

**Part I Income**

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

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

<b>8</b> Advertising . . . . .	<b>8</b>			<b>19</b> Pension and profit-sharing plans	<b>19</b>		
<b>9</b> Bad debts from sales or services (see page C-3) . . . . .	<b>9</b>			<b>20</b> Rent or lease (see page C-4):			
<b>10</b> Car and truck expenses (see page C-3) . . . . .	<b>10</b>			<b>a</b> Vehicles, machinery, and equipment . . . . .	<b>20a</b>		
<b>11</b> Commissions and fees . . . . .	<b>11</b>			<b>b</b> Other business property . . . . .	<b>20b</b>		
<b>12</b> Depletion . . . . .	<b>12</b>			<b>21</b> Repairs and maintenance . . . . .	<b>21</b>		
<b>13</b> Depreciation and section 179 expense deduction (not included in Part III) (see page C-3) . . . . .	<b>13</b>			<b>22</b> Supplies (not included in Part III) . . . . .	<b>22</b>		
<b>14</b> Employee benefit programs (other than on line 19) . . . . .	<b>14</b>			<b>23</b> Taxes and licenses . . . . .	<b>23</b>		
<b>15</b> Insurance (other than health) . . . . .	<b>15</b>			<b>24</b> Travel, meals, and entertainment:			
<b>16</b> Interest:				<b>a</b> Travel . . . . .	<b>24a</b>		
<b>a</b> Mortgage (paid to banks, etc.) . . . . .	<b>16a</b>			<b>b</b> Meals and entertainment . . . . .			
<b>b</b> Other . . . . .	<b>16b</b>			<b>c</b> Enter 50% of line 24b subject to limitations (see page C-4) . . . . .			
<b>17</b> Legal and professional services . . . . .	<b>17</b>			<b>d</b> Subtract line 24c from line 24b . . . . .	<b>24d</b>		
<b>18</b> Office expense . . . . .	<b>18</b>			<b>25</b> Utilities . . . . .	<b>25</b>		
<b>28</b> <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27 in columns . . . . . ▶	<b>28</b>			<b>26</b> Wages (less employment credits) . . . . .	<b>26</b>		
<b>29</b> Tentative profit (loss). Subtract line 28 from line 7 . . . . .	<b>29</b>			<b>27</b> Other expenses (from line 48 on page 2) . . . . .	<b>27</b>		
<b>30</b> Expenses for business use of your home. Attach <b>Form 8829</b> . . . . .	<b>30</b>						
<b>31</b> <b>Net profit or (loss).</b> Subtract line 30 from line 29. • If a profit, enter on <b>Form 1040, line 12</b> , and ALSO on <b>Schedule SE, line 2</b> (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3. • If a loss, you <b>MUST</b> go on to line 32.	<b>31</b>						
<b>32</b> If you have a loss, check the box that describes your investment in this activity (see page C-5). • If you checked 32a, enter the loss on <b>Form 1040, line 12</b> , and ALSO on <b>Schedule SE, line 2</b> (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you <b>MUST</b> attach <b>Form 6198</b> .				<b>32a</b> <input type="checkbox"/> All investment is at risk.			
				<b>32b</b> <input type="checkbox"/> Some investment is not at risk.			

**Part III Cost of Goods Sold** (see page C-5)

33	Method(s) used to value closing inventory:    a <input type="checkbox"/> Cost                    b <input type="checkbox"/> Lower of cost or market                    c <input type="checkbox"/> Other (attach explanation)		
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> 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 salary 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	<b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on page 1, line 4 . . .	42	

**Part IV Information on Your Vehicle.** Complete this part **ONLY** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-3 to find out if you must file.

- 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 1996, enter the number of miles you used your vehicle for:
- a Business .....    b Commuting .....    c Other .....
- 45 Do you (or your spouse) have another vehicle available for personal use? . . . . .  Yes                     No
- 46 Was your vehicle available for use during off-duty hours? . . . . .  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	<b>Total other expenses.</b> Enter here and on page 1, line 27 . . . . .	48	

