

Schedule C vs Schedule C EZ

Your business may be eligible to use the abbreviated Schedule C-EZ instead of the longer Schedule C when reporting business profit and loss on your 2005 Form 1040 federal income tax return. The maximum deductible business expense threshold for filing Schedule C-EZ is \$5,000.

Schedule C-EZ, Net Profit from Business (Sole Proprietorship), is the simplified version of Schedule C, Profit or Loss from Business (Sole Proprietorship).

Schedule C-EZ

- Has an instruction page and a one-page form with three short parts — General Information, Figure Your Net Profit, and Information on Your Vehicle.
- Includes a simple worksheet for figuring the amount of deductible expenses. If that amount does not exceed \$5,000, you should be able to use the C-EZ instead of Schedule C.

Schedule C

- Is two pages long and is divided into five parts — Income, Expenses, Cost of Goods Sold, Information on Your Vehicle, and Other Expenses.
- Requires more detailed information than the C-EZ. The instruction package is nine pages long.
- Must be used when deductible business expenses exceed \$5,000.

Using Schedule C-EZ can save time and money and reduce paperwork burden for newly-eligible businesses. More information about Schedule C-EZ and reporting net profit for sole proprietorships can be found on the IRS Web site at IRS.gov.