Tax Primer

For self-employed parents completing the SSS Parents’ Financial Statement | PFS
Introduction

Use this primer to get an understanding of which few tax forms are most helpful to business or farm owners as you complete your Parents’ Financial Statement (PFS).

This primer doesn’t provide an overview of every possible tax form you might receive or need to file with IRS. Instead, it focuses on the forms that self-employed families may need to have on hand to complete the PFS accurately and correctly.

Tax forms covered in this tax primer:

- Form W-2
- Form 1040
- Schedule 1
- Schedule C
- Schedule E
- Schedule F
- Schedule K-1
- Form 1099-MISC
- Form 1065
- Form 1120S

For each of these tax forms, the primer answers three questions:

1. What is the form used for?
2. What does the form look like?
3. Which lines on the form matter the most for completing the PFS?

--- Important ---

Be sure to send all your tax forms as required by each school you are applying to for financial aid. Do not limit what you submit to schools to the documents covered in this primer.

If a school requires your tax forms and schedules, be sure to send or upload the full set of tax that you submit to the IRS when filing your tax return. Doing so ensures that you complete each school’s document requirements correctly, avoiding possible delays in the process.
Form W-2

What is Form W-2 used for?
The W-2 is an annual statement of your earnings provided by your employer for the calendar year. It also shows how much of your pay was withheld for taxes, Social Security, and Medicare. It also indicates how much of your income you put into certain types of pre-tax retirement plans.

What does the Form W-2 look like?

Which lines on Form W-2 matter most for completing the PFS?
If you are a W-2 earner or pay yourself a salary from your business, this salary will appear in Box 1. Report the salary in Box 1 of your W-2 on line 7A of the PFS for the parent listed as “Parent A.” Use 7B for the parent listed as “Parent B.” Be sure to report the totals from all W-2s if either parent receives more than one for the year.

Look at Box 12. If amounts appear in this section with a code D-H, be sure to report that amount as “Payments to tax-deferred retirement plans” in PFS line 8D of the Nontaxable Income Worksheet. If you have multiple W-2s, report the total amount.

You do not have to report any other information from the W-2 on the PFS; however, it is possible that one or more schools you’re applying to might ask you to supply other information from the W-2. You’ll likely be required to submit or upload a copy of each W-2 you receive as part of your financial aid application.
Form 1040

What is the Form 1040 for?
The 1040 is used to report your sources of income, as well as any adjustments, deductions, and credits against your income that will determine how much and what types of federal taxes you should have paid for the tax year. If you’ve paid too much in taxes, it will show how much of a refund from the federal government you are entitled to receive. If you’ve paid too little in taxes, it will show how much more you need to pay.

What does the Form 1040 look like?
The 1040 is a two-page document and additional schedules depending on income source.

1040 Page 1
1040 Page 2

Which lines on Form 1040 matter most for completing the PFS?

Nearly every line of the 1040’s Income section has a corresponding line on the PFS where the income information should be reported. Most are straightforward one-to-one matches. However, a few lines are worth pointing out as relevant for business owners:

1040 Page 1 Line 1: Salary/Wages

Salary and wages reported here are a total of salaries earned by the parents in the household. The PFS asks you to report each parent’s salary separately, so you won’t see a single line item on the PFS for the total salaries. Be sure, though, that the total of the salaries you enter in line 7A and 7B for each parent is the same as the total shown on Line 1 of your 1040 Page 1. Business owners must be careful not to report profit taken from the business as salary or wages. If you own a business and paid yourself or your spouse a salary from the business, and reported it with a W-2, only enter the amount of salary from the W-2 in Lines 7A or 7B.

1040 Page 1 Lines 4B, 4D, and 5B: Distributions from IRA, Pensions, and Social Security

1040 Lines 4A, 4C, and 5A each show the total income you received from IRA, Pensions, and Social Security. Lines 4B, 4D, and 5B show the portion of that total that was taxable. Report taxable amount of IRA on PFS line 7O, taxable amount of Pension on PFS line 7P. Report Line 5B taxable amount of Social Security on PFS Line 7S.

To report the nontaxable portion correctly, take the difference and report it in the appropriate PFS line item in the Nontaxable Income section (PFS Section 8).

- Report your nontaxable IRA and Pension income in PFS Line 8M.
- Report your nontaxable Social Security benefits in PFS Line 8B.
1040 Page 2 Line 16

This shows what you owe for the different types of federal taxes on your income. PFS Line 6G asks you to report your federal taxes paid. Be sure to report the amount shown on 1040 Line 16. If you also have Self-Employment taxes reported on 1040 Schedule 2 Line 4, do not include those in PFS Line 6G, since you will report those separately for each business. If you paid self-employment taxes, for PFS Line 6G, report the total tax on Line 16 of Page 2 minus any Schedule 2 Line 4 Self-Employment tax.
Form 1040 Schedule 1

What is it for?
Schedule 1 is used to report your business income from proprietorship business, farm, corporation/partnerships, and rental income. Schedule 1 also list deductions from self-employment tax.

What does Schedule 1 Look Like?

Make sure to answer "Yes" to PFS line 6h and indicate number of businesses owned on PFS line 6l. This will properly populate Business/Farm section 15-18.
Which Lines Matter for the PFS for Self-Employed Applicants?

- **1040 Schedule 1 Line 3: Business income or (loss)**
  This refers specifically to income or loss you had from a Sole Proprietorship, for which you also completed a Schedule C. On Line 15-18 of the PFS, the total of the net profit or loss from each Schedule C business you own should equal the amount shown on your 1040 Line 3. Be sure to send or upload each Schedule C you file, if you have income or a loss listed on your 1040 Schedule 1 Line 3.

- **1040 Schedule 1 Line 5: Rental real estate, royalties, partnerships, S corporations, trusts, etc.**
  This line can be complicated, depending on what type of income is included here, since many different types of income can be reported on your 1040 Schedule 1 Line 5. If any income reported on Line 5 is from rental property, trusts, royalties or business, report it on PFS Line 7Q of PFS (answer “Yes” to Other Taxable Income to open the worksheet). Additionally if the income reported on Line 5 is from S corporations or Partnerships that you share ownership in, report it on Line 15-18 of your PFS, in the section that asks you to detail the income and expenses of the business. Be sure to send or upload each Schedule E you file, if you have income or loss listed on your 1040 Schedule 1 Line 5.

- **1040 Schedule 1 Line 6: Farm income or (loss)**
  This refers specifically to income or loss you had from a farm, for which you also completed a Schedule F. On Line 15-18 of the PFS, the total of the net profit or loss from each Schedule F farm you own should equal the amount shown on your 1040 Schedule 1 Line 6. Be sure to send or upload each Schedule F you file, if you have income or a loss listed on your 1040 Schedule 1 Line 6.

- **1040 Schedule 1 Adjustments to Income**
  In this section, three items are specific to self-employed applicants: deductible portion of self-employment tax and payments to self-employment retirement and health insurance plans. Be sure to report them on the appropriate lines on the PFS (7H and 7I). Be sure to report the total shown on 1040 Line 22 on PFS line 7F. If you have adjustments in 1040 Lines 14, 15, or 19, report them in the proper lines on the PFS. If you have adjustments other than those three, be sure to leave a note in PFS Item 7J to specify what the adjustments were for (e.g., “alimony paid” or “Educator expenses”).
Other Schedules for Self-Employed Applicants

1040 Schedule 2: Additional Taxes

This shows the total amount of self-employment taxes you paid for your business(es). These should also be reported on Line 17J on the PFS. Note that the PFS will ask you how much self-employment tax you paid for each business separately. The total of all those self-employment tax amounts should be equal to what’s reported here on the 1040 Schedule 2 Line 4.
Schedule C

What is the Schedule C for?
The Schedule C is used for reporting specific details about each business you own for which you are the sole proprietor. It shows the name, location, and type of business. It details the total, gross income you received for the business. It itemizes the allowable expenses of the business that can be written off against the business’s income to ultimately show what your net profit or loss was on the business. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 3. When you submit your 1040 to the IRS, you are required to attach/include a Schedule C for each sole proprietorship you own.

What does the Schedule C look like?
Which lines on the Schedule C matter most for completing the PFS?

If you have a Schedule C, you have a Sole Proprietorship. On PFS Line 6H, answer “Yes.” Then select the number of sole proprietorships that you own. You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15C, select “Sole Proprietorship” and complete the questions about each business based on the income and expense information provided on the Schedule C. See below for guidance:

▶ Schedule C: Business Information and Income

Complete a separate PFS section on income for every sole proprietorship you own.
### Schedule C: Business Expenses and Net Profit/Loss

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Advertising</td>
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<tr>
<td>9</td>
<td>Car and truck expenses</td>
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<tr>
<td>10</td>
<td>Commissions and fees</td>
</tr>
<tr>
<td>11</td>
<td>Contract labor</td>
</tr>
<tr>
<td>12</td>
<td>Depreciation and section 179 expenses</td>
</tr>
<tr>
<td>13</td>
<td>Depletion</td>
</tr>
<tr>
<td>14</td>
<td>Employee benefit programs</td>
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<tr>
<td>15</td>
<td>Insurance</td>
</tr>
<tr>
<td>16</td>
<td>Interest</td>
</tr>
<tr>
<td>17</td>
<td>Legal and professional services</td>
</tr>
<tr>
<td>26</td>
<td>Total expenses</td>
</tr>
<tr>
<td>27A</td>
<td>Other expenses</td>
</tr>
<tr>
<td>27B</td>
<td>Reserved for future use</td>
</tr>
</tbody>
</table>

**Look at Line 13:** If you are writing off any depreciation or “section 179 expense,” you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to send or upload that with your tax forms. Doing so allows the school to clarify how much of the amount on Line 13 is actual depreciation and not “section 179 expense.” This is to your advantage, typically.

**Look at Line 26:** If you paid wages to employees for your business (as reported on W2’s that you filed for them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others. If Schedule C Line 26 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A. Only report this amount if you provided a W2 as documentation of those earnings. Do NOT report your net profit as your salary.

If Schedule C Line 26 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

By definition, a sole proprietorship doesn’t share the profit or loss of the business with any other person or entity. Report the amount on Schedule C Line 31 on PFS Line 17L to reflect your share of the total business profit or loss (in other words, the amount that belongs to you).

Complete a separate PFS section on expenses and net profit for every sole proprietorship you own.
Schedule E

What is the Schedule E for?

The Schedule E is used for reporting specific details about several types of income sources such as rental real estate income, income from partnerships, S-Corporations, royalties, trusts, estates, and more.

For rental properties, it details the total, gross income you received for up to three real estate properties you rent out to others. It itemizes the allowable expenses of the rental properties that can be written off against the property’s income to ultimately show what your net profit or loss was on the property. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 5. If you own more than three rental properties, you must submit multiple Schedule E’s. When you submit your 1040 to the IRS, you are required to attach/include a Schedule E for each set of three rental properties you own.

For Partnerships and S-Corporations, it details the names and types of businesses you own or co-own as partnerships or S-Corporations. It itemizes the income or loss for each entity that is passed through to you to claim on your 1040. The income or loss is included in the entry on your Form 1040 Schedule 1 on Line 5.

What does the Schedule E look like?

Schedule E Page 1 for Rental Income
If you do not own any rental properties, you will not have page 1 of Schedule E.

If you do not own a share in a Partnership or S Corporation, you will not have page 2 of Schedule E (unless you received reportable income from an estate or trust).
Which lines on the Schedule E matter most for completing the PFS?

![Image of Schedule E]

- **Rental Property**
  
  There are no specific questions on the PFS for detailing the income and expense sources for rental properties. When completing the PFS, owners of rental real estate should include the profit or loss of the rental properties in PFS Line 7Q (answer “Yes” to Other Taxable Income to open worksheet). This amount is found on Line 5 of the Form 1040.

  Rental property owners must also complete All Other Real Estate questions 10K–10U on the PFS.

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Be sure to submit to the school all Schedule E’s that you file with your tax return.
For each Partnership or S-Corporation you own, the Schedule E will report the pass-through portion of the business’s profit or loss that you must claim on your tax return. The PFS will ask you to report the total income and expenses of the Partnership or Corporation to calculate the profit or loss of the entire entity. On PFS Line 17L, you must indicate how much of that profit/loss was passed-through to you. For each business you are a partner or shareholder in, your entry on Line 17L should match the entries on Lines 28A-28D.

The total pass-through income (or loss) across all entities appears on line 32 of the Schedule E. This is then included in the total income (or loss) reported on the 1040 Schedule 1, Line 5 (along with other income reported on the Schedule E). This amount, in turn, should be reported on Line 7Q of the PFS.
Schedule F

What is the Schedule F for?

The Schedule F is used for reporting specific details about each farm you own for which you are the sole proprietor. It shows the name, location, and type of farm. It details the total, gross income you received for the farm. It itemizes allowable expenses of the farm that can be written off against the farm’s income to ultimately show your net profit or loss on the farm. The net profit or loss is then entered on your Form 1040 Schedule 1 on Line 6. When you submit your 1040 to the IRS, you are required to attach/include a Schedule F for each farm property you own.

What does the Schedule F look like?

If you have a Schedule F, you have a farm. On PFS Line 6H, answer “Yes.” You will be required to complete Section 15 for Business/Farm information.

On PFS Line 15B, select “Farm” and complete the questions about each farm based on the income and expense information provided on the Schedule F. On PFS Line 15C, select the farm’s type…are you the sole owner? Is it part of a partnership or a corporation? Let's look at each section of the Schedule F.
Schedule F: Farm Information and Income

There are many more lines of detail on the income section of the Schedule F than on the PFS. As such, be careful to total the appropriate lines from the Schedule F and report them in the corresponding "catchall" lines of the PFS.

- Lines 1a and 2 on the Schedule F are reported on Line 16A of the PFS.
- Lines 3 through 8 on the Schedule F are reported on the PFS Line 16D.
- Line 1b on Schedule F is reported on Line 16B of the PFS.
- Line 9 on Schedule F should match the calculation on the PFS Line 16E.

Complete a separate section on income for each farm you own..
Schedule F: Farm Expenses and Net Profit/Loss

Look at Line 14: If you are writing off any depreciation or “section 179 expense,” you will see an entry here. PFS Line 17F asks you to report this amount. If you claim depreciation, you will likely also file a Form 4562. If you have a 4562, be sure to upload it with your tax forms. This allows the school to clarify how much of the amount on Line 13 is actual depreciation and not “section 179 expense.” This is to your advantage, typically.

Look at Line 22: If you paid wages to employees for your business (as reported on W-2s or 1099s that you provide them), the PFS will ask you to separate out any wages you paid for yourself or your spouse from wages you paid to others.

If Schedule F Line 22 includes wages for yourself and/or your spouse, report the amount you paid to yourself and/or your spouse on PFS Line 17A.

If Schedule F Line 22 includes wages paid for anyone other than yourself or your spouse, report the amount that went to other employees on PFS Line 17B.

The amount on Schedule F Line 34 should match the calculation on PFS Line 17L to reflect your share of the total farm profit or loss (in other words, the amount that belongs to you).
Schedule K-1

What is the Schedule K-1 for?
The Schedule K-1 is designed to report a partner’s or shareholder’s share of the partnership or S Corporation’s income, deductions, and credits. It indicates additional information such as the percentage ownership the individual holds and some insight into the individual’s share of, and activity with, the entity’s liabilities and capital accounts.

Related forms:
- Form 1065 – Partnership tax return
- Form 1120S – S Corporation tax return
- Schedule E

What does the Schedule K-1 look like?

K-1 for Partnership specify “Form 1065” in the top left corner
K-1 for S-Corporations specify “Form 1120S” in the top left corner

Although they share the same “K-1” name, the K-1’s are different enough that it’s important not to get them confused with each other.

“Schedule K-1 (Form 1065)” is issued for Partnerships, while “Schedule K-1 (Form 1120S)” is issued for S Corporations. Be sure not to get them mixed up (e.g., claiming you own a Partnership but submitting a K-1 for an 1120S or vice versa). They are not interchangeable.

Include all K-1s that you receive for every entity you have an ownership stake in when you submit your tax returns.
Which lines on the Schedule K-1 matter most for completing the PFS?

- **Schedule K-1 for Partnerships**

  No other information found on the K-1, 1065 needs to be reported on the PFS. The relevant information on Part 2 of the K-1, 1065 gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.

  Select “Partnership” in PFS Line 15C.
No other information found on the K-1, 1120S needs to be reported on the PFS. The relevant information on Part 3 of the K-1, 1120S gets reported as your share of the income/loss on Schedule E, which ultimately gets reported on the 1040 and PFS Line 7Q.
Form 1099-MISC

What is Form 1099-MISC for?
The Form 1099-MISC is provided to you by a person or firm for whom you performed work or service by hiring yourself out as a freelancer, contractor, or the like. 1099s can also show other types of income such as royalties, commissions or rents. Basically, it shows income you earned that was not provided to you as someone’s employee or from your investments.

Other types of 1099s you might receive:
- 1099-DIV (reports income from dividends, distributions, and capital gains from investments accounts such as stocks, bonds, and mutual funds)
- 1099-INT (tracks interest income you earned from investments such as savings accounts).

What does the Form 1099-MISC look like?

![Form 1099-MISC Image]
Which lines on Form 1099-MISC matter most for completing the PFS?

Income reported on your 1099s should already be included in certain lines of your 1040. On the PFS, any income reported on a 1099-MISC (other than rents and royalties) should be reported on PFS Line 7T.

If you and/or your spouse received multiple 1099s, be sure to add the amounts and report the total income on PFS line 7T.

Important Notes

- Do not report any amounts reported on a 1099-MISC as salary or wages, even if you earned it by working for someone as a contractor, freelancer, etc. When reporting your salary or wages on the PFS, ONLY include income for which you received a W-2.

- Many schools will require you to submit a W2 as part of your financial aid application. If you didn’t receive a W-2 (meaning you didn’t earn a salary as someone else’s employee), but you did receive a 1099-MISC as a contractor or freelancer, submit your 1099-MISC in place of the W-2 the school requires.
# Form 1065

## What is Form 1065 for?

Form 1065 is the return filed by entities set up as Partnerships. It details the income, gains, losses, deductions, credits, etc. for the entire operation. A partnerships does not pay taxes on its income but passes any profits or losses to its partners, who in turn include their share of the profits/losses on their individual returns.

**Related form:**
- Schedule K-1 (Form 1065)

## What does the Form 1065 look like?

![Form 1065 Image]

- **Income:**
  - Gross receipts or sales
  - Returns and allowances
  - Balance, Subtract line 1b from line 1a
  - Cost of goods sold (attach Form 1125-A)
  - Gross profit, Subtract line 2 from line 1c
  - Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)
  - Net farm profit (loss) (attach Schedule F (Form 1040))
  - Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)
  - Other income (loss) (attach statement)
  - Total income (loss). Combine lines 5 through 7

- **Deductions:**
  - Wages and salaries (other than to partners) (less employment credits)
  - Interest (see instructions)
  - Depreciation (if required, attach Form 4562)
  - Less depreciation reported on Form 1125-A and elsewhere on return
  - Depreciation (Do not deduct if oil and gas depletion)
  - Retirement plans, etc.
  - Employee benefit programs
  - Other deductions (attach statement)
  - Total deductions. Add the amounts shown in the far right column for line 18

- **Gross Ordinary business income (loss). Subtract line 21 from line 18
- **Adjusted Gross Ordinary business income (loss). Subtract line 22 from line 19
- **Total Ordinary income (loss). Net ordinary business income (loss)
- **Taxable Ordinary income (loss). Subtract line 24 from line 23

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SSS Tax Primer for Self-Employed Parents Completing the PFS

Page 26
Which lines on Form 1065 matter most for completing the PFS?

To complete the business information section of the PFS, Partnership partners must report the appropriate total income and expenses for the entire entity. This detail can be found on page 1 of the Form 1065 as shown below:

No information found on pages 2–4 of the Form 1065 is needed to complete the PFS; however, some information on page 5 can be useful in reporting the Partnership's assets and debts, as referenced below.

Submit a copy of the 1065 for each Partnership in which you are a partner with your tax forms. Ask the partnership's accountant or tax attorney for a copy of it/them if not already provided to you.
While the PFS seeks to gather the current value of the business's assets and debts at the time of the application, that information can be difficult to come by. Completing the business assets and debts based on the most recently filed 1065 should be a reasonable approach if more current information is not available for the business.
Form 1120S

What is Form 1120S for?

Form 1120S is the return filed by entities set up as S Corporations. It details the income, gains, losses, deductions, credits, etc. for the entire operation. S Corporations do not pay taxes on its income but pass any profits or losses to its shareholders, who in turn include their share of the profits/losses on their individual returns.

Related form:

- Schedule K-1 (Form 1120S)

What does the Form 1120S look like?

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<th>U.S. Corporation Income Tax Return</th>
<th>Form 1120S</th>
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</thead>
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<tr>
<td>For calendar year 2016 or tax year</td>
<td>For calendar year 2016 or tax year</td>
</tr>
<tr>
<td>ending ..................................</td>
<td>ending 2016, ending 20XX</td>
</tr>
<tr>
<td>▶ Go to <a href="http://www.irs.gov/Form1120">www.irs.gov/Form1120</a> for</td>
<td>▶ Go to <a href="http://www.irs.gov/Form1120">www.irs.gov/Form1120</a> for</td>
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<td>information.</td>
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</table>

<table>
<thead>
<tr>
<th>A. Check if:</th>
<th>B. Print:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Consolidated return</td>
<td>9. Employee identification number</td>
</tr>
<tr>
<td>attach Form 1120S</td>
<td></td>
</tr>
<tr>
<td>1b. Single consolidated return</td>
<td>G. Date incorporated</td>
</tr>
<tr>
<td>2. Personal holding company</td>
<td></td>
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<tr>
<td>attach Schedule S</td>
<td></td>
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<tr>
<td>3. Domestic后再</td>
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<tr>
<td>4. Schedule M-1 is enclosed</td>
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</tbody>
</table>

| 1a. Gross receipts or sales          | 1b. Substantiated returns and       |
|-------------------------------------| allowances                           |
| 1c. Balance. Subtract line 1b from line 1a |                             |
| 2. Cost of goods sold (attach Form 1125-A) |                             |
| 3. Gross profit. Subtract line 2 from line 1a |                             |
| 4. Dividends and interest (Schedule C, line 23, column b) |                             |
| 5. Interest                          | 6. Gross rents                       |
| 7. Gross royalties                   | 8. Total assets (see instructions)   |
| 9. Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) |                             |
| 10. Other income—see instructions—attach statement |                             |
| 11. Total Income. Add lines 3 through 10 |                             |
| 12. Compensation of officers (see instructions—attach Form 1125-I) |                             |
| 13. Salaries and wages (less employment credits) |                             |
| 14. Repairs and maintenance         | 15. Bad debts                        |
| 16. Rent                             | 17. Taxes and licenses               |
| 18. Interest (see instructions)      | 19. Charitable contributions        |
| 20. Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) |                             |
| 23. Pension, profit-sharing, etc., plans |                             |
| 24. Employee benefit programs        | 25. Reserved for future use          |
| 26. Other deductions (attach statement) |                             |
| 27. Total Deductions. Add lines 12 through 26 |                             |
| 28. Taxable income before net operating loss deduction and special deductions |                             |
| 29a. Net operating loss deduction (see instructions) |                             |
| 29b. Special deductions (Schedule C, line 24, column c) |                             |
Which lines on Form 1120S matter most for completing the PFS?

Submit a copy of the 1120S for each S Corporation in which you are a shareholder with your tax form. Ask the corporation’s accountant or tax attorney for a copy if one is not already provided to you.
NOTE: No information found on pages 2, 3, or 5 of the Form 1120S is needed to complete the PFS; however, some information on Form 1120S page 4 can be useful in reporting the Corporation's assets and debts, as referenced below:

While the PFS seeks to gather the current value of the business's assets and debts at the time of the application, that information can be difficult to come by. Completing the business assets and debts based on the most recently filed 1120S should be a reasonable approach, if more current information is not available for the business.

For financial aid assessment purposes, items on lines 22–26 above are not considered debts and should not be reported on the PFS.