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Schedule C – Best Practices for Assembling Data

Organized records make tax preparation faster, more accurate, and less stressful.

Filing Dos and Don'ts

- DON'T give individual receipts or bank statements to your tax team
- DO tally up receipts & provide totals by expense category
- DO keep records and receipts for each year in case you are audited

Income Records

- All 1099-NEC and 1099-K forms received
- Bank and PayPal, Stripe, or Venmo business account statements
- Records of cash or check payments not reported on 1099s
- Any refunds, rebates, or returns that reduce income

Tip: Keep income separate from personal funds by using a dedicated business bank account.

Expense Records

- Advertising and Marketing (ads, website, business cards)
- Car and Truck Expenses (mileage logs or actual costs — choose one method)
- Contract Labor (payments to subcontractors, with W-9s and 1099s issued if applicable)
- Depreciation (large purchases over $2,500 such as equipment or vehicles)
- Insurance (business liability or malpractice, not health insurance)
- Office Expenses and Supplies (paper, printer ink, software subscriptions)
- Rent or Lease (office space or equipment leases)
- Repairs and Maintenance (business equipment upkeep)
- Travel and Meals (business trips, meals with clients — keep receipts and notes on purpose)
- Utilities and Phone (business portion only if mixed use)

Tip: Save receipts with notes explaining who, what, and why. The IRS requires proof of business purpose.

Home Office (if applicable)

- Square footage of home office versus total home
- Expenses such as mortgage interest or rent, utilities, insurance, and repairs
- Direct office expenses such as paint or office-only repairs

Vehicle Expenses

- Business mileage log including date, miles, purpose, and location
- Total miles driven for the year
- Gas, repairs, insurance, and registration if using the actual expense method

Reminder: Commuting miles from home to a regular office are not deductible.

Supporting Documentation

- Business licenses, permits, or professional dues
- Bank loan statements (interest is deductible)
- Prior year depreciation schedules if continuing assets

General Best Practices

- Keep monthly records instead of waiting until year-end
- Use accounting software or spreadsheets to categorize expenses
- Save both paper and digital receipts
- Maintain separate business and personal accounts
- Document who, what, and why for meals, travel, and client expenses

Organized records mean fewer questions, faster turnaround, and better tax savings opportunities.