

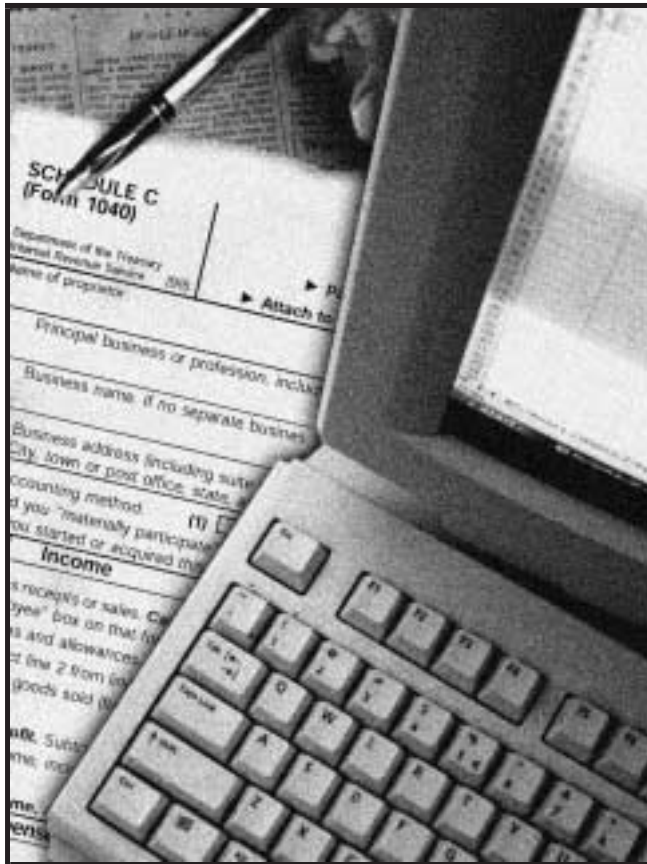


Department of the Treasury  
Internal Revenue Service

**Publication 583**

(Rev. December 2003)  
Cat. No. 15150B

# Starting a Business and Keeping Records



**Get forms and other information faster and easier by:**

**Internet** • [www.irs.gov](http://www.irs.gov) or **FTP** • [ftp.irs.gov](ftp://ftp.irs.gov)

**FAX** • 703-368-9694 (from your fax machine)



[www.irs.gov/efile](http://www.irs.gov/efile)

## Contents

<b>Introduction</b> .....	<b>1</b>
<b>What New Business Owners Need To Know</b> .....	<b>2</b>
<b>Forms of Business</b> .....	<b>2</b>
<b>Identification Numbers</b> .....	<b>3</b>
Employer Identification Number (EIN) .....	<b>3</b>
Payee's Identification Number .....	<b>4</b>
<b>Tax Year</b> .....	<b>4</b>
<b>Accounting Method</b> .....	<b>5</b>
<b>Business Taxes</b> .....	<b>5</b>
Income Tax .....	<b>5</b>
Self-Employment Tax .....	<b>5</b>
Employment Taxes .....	<b>7</b>
Excise Taxes .....	<b>8</b>
Depositing Taxes .....	<b>8</b>
<b>Information Returns</b> .....	<b>8</b>
<b>Penalties</b> .....	<b>9</b>
<b>Business Expenses</b> .....	<b>9</b>
Business Start-Up Costs .....	<b>10</b>
Depreciation .....	<b>10</b>
Business Use of Your Home .....	<b>10</b>
Car and Truck Expenses .....	<b>11</b>
<b>Recordkeeping</b> .....	<b>11</b>
Why Keep Records? .....	<b>11</b>
Kinds of Records To Keep .....	<b>12</b>
How Long To Keep Records .....	<b>15</b>
Sample Record System .....	<b>16</b>
<b>How To Get More Information</b> .....	<b>24</b>
<b>Index</b> .....	<b>27</b>

## Introduction

This publication provides basic federal tax information for people who are starting a business. It also provides information on keeping records and illustrates a recordkeeping system.

Throughout this publication we refer to other IRS publications and forms where you will find more information. In addition, you may want to contact other government agencies, such as the Small Business Administration (SBA). See page 24 to find out how to get more information.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can email us at [\\*taxform@irs.gov](mailto:taxform@irs.gov). Please put "Publications Comment" on the subject line.

You can write to us at the following address:

Internal Revenue Service  
 Business Forms and Publications  
 SE:W:CAR:MP:T:B  
 1111 Constitution Ave. NW  
 Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

## What New Business Owners Need To Know

As a new business owner, you need to know your federal tax responsibilities. *Table 1*, below, can help you learn what those responsibilities are. Ask yourself each question listed in the table, then see the related discussion to find the answer.

In addition to knowing about federal taxes, you need to make some basic business decisions. Ask yourself:

- What are my financial resources?
- What products and services will I sell?
- How will I market my products and services?
- How will I develop a strategic business plan?

- How will I manage my business on a day-to-day basis?
- How will I recruit employees?

The Small Business Administration (SBA) is a federal agency that can help you answer these types of questions. For information on how to contact the SBA, see page 26.

## Forms of Business

The most common forms of business are the sole proprietorship, partnership, and corporation. When beginning a business, you must decide which form of business to use. Legal and tax considerations enter into this decision. Only tax considerations are discussed in this publication.



*Your form of business determines which income tax return form you have to file. See Table 2 on page 6 to find out which form you have to file.*

**Sole proprietorships.** A sole proprietorship is an unincorporated business that is owned by one individual. It is the simplest form of business organization to start and maintain. The business has no existence apart from you, the owner. Its liabilities are your personal liabilities. You undertake the risks of the business for all assets owned, whether or not used in the business. You include the income and expenses of the business on your personal tax return.

**Table 1. What New Business Owners Need To Know About Federal Taxes**

*(Note: This table is intended to help you, as a new business owner, learn what you need to know about your federal tax responsibilities. To use it, ask yourself each question in the left column, then see the related discussion on the page shown in the right column.)*

What Must I Know?	Where To Find the Answer
Which form of business will I use?	See <i>Forms of Business</i> above.
Will I need an employer identification number (EIN)?	See <i>Identification Numbers</i> on page 3.
Do I have to start my tax year in January, or may I start it in any other month?	See <i>Tax Year</i> on page 4.
What method can I use to account for my income and expenses?	See <i>Accounting Method</i> on page 5.
What kinds of federal taxes will I have to pay? How should I pay my taxes?	See <i>Business Taxes</i> on page 5.
What must I do if I have employees?	See <i>Employment Taxes</i> on page 7.
Which forms must I file?	See <i>Table 2</i> on page 6 and <i>Information Returns</i> on page 8.
Are there penalties if I do not pay my taxes or file my returns?	See <i>Penalties</i> on page 9.
What business expenses can I deduct on my federal income tax return?	See <i>Business Expenses</i> on page 9.
What records must I keep? How long must I keep them?	See <i>Recordkeeping</i> on page 11.

**More information.** For more information on sole proprietorships, see Publication 334, *Tax Guide for Small Business*. If you are a farmer, see Publication 225, *Farmer's Tax Guide*.

**Partnerships.** A partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor, or skill, and expects to share in the profits and losses of the business.

A partnership must file an annual information return to report the income, deductions, gains, losses, etc., from its operations, but it does not pay income tax. Instead, it "passes through" any profits or losses to its partners. Each partner includes his or her share of the partnership's items on his or her tax return.

**More information.** For more information on partnerships, see Publication 541, *Partnerships*.

**Corporations.** In forming a corporation, prospective shareholders exchange money, property, or both, for the corporation's capital stock. A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income. A corporation can also take special deductions.

The profit of a corporation is taxed to the corporation when earned, and then is taxed to the shareholders when distributed as dividends. However, shareholders cannot deduct any loss of the corporation.

**More information.** For more information on corporations, see Publication 542, *Corporations*.

**S corporations.** An eligible domestic corporation can avoid double taxation (once to the corporation and again to the shareholders) by electing to be treated as an S corporation. Generally, an S corporation is exempt from federal income tax other than tax on certain capital gains and passive income. On their tax returns, the S corporation's shareholders include their share of the corporation's separately stated items of income, deduction, loss, and credit, and their share of nonseparately stated income or loss.

**More information.** For more information on S corporations, see the instructions for Form 2553, *Election by a Small Business Corporation*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*.

**Limited liability company.** A limited liability company (LLC) is an entity formed under state law by filing articles of organization as an LLC. None of the members of an LLC are personally liable for its debts. An LLC may be classified for federal income tax purposes as either a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in regulations section 301.7701-3. For more information, see the instructions for Form 8832, *Entity Classification Election*.

---

## Identification Numbers

You must have a taxpayer identification number so the IRS can process your returns. The two most common kinds of taxpayer identification numbers are the social security number (SSN) and the employer identification number (EIN).

- An SSN is issued to individuals by the Social Security Administration (SSA) and is in the following format: 000-00-0000.
- An EIN is issued to individuals (sole proprietors), partnerships, corporations, and other entities by the IRS and is in the following format: 00-0000000.

You must include your taxpayer identification number (SSN or EIN) on all returns and other documents you send to the IRS. You must also furnish your number to other persons who use your identification number on any returns or documents they send to the IRS. This includes returns or documents filed to report the following information.

- 1) Interest, dividends, royalties, etc., paid to you.
- 2) Any amount paid to you as a dependent care provider.
- 3) Certain other amounts paid to you that total \$600 or more for the year.

If you do not furnish your identification number as required, you may be subject to penalties. See *Penalties*, later.

## Employer Identification Number (EIN)

EINs are used to identify the tax accounts of employers, certain sole proprietors, corporations, partnerships, estates, trusts, and other entities.

If you don't already have an EIN, you need to get one if you:

- 1) Have employees,
- 2) Have a qualified retirement plan,
- 3) Operate your business as a corporation or partnership, or
- 4) File returns for:
  - a) Employment taxes, or
  - b) Excise taxes.

**Applying for an EIN.** You may apply for an EIN:

- Online—Click on the EIN link at [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small). The EIN is issued immediately once the application information is validated.
- By telephone at 1-800-829-4933 from 7:30 a.m. to 5:30 p.m. in the applicant's local time zone.

- By mailing or faxing **Form SS-4**, *Application for Employer Identification Number*.

**When to apply.** You should apply for an EIN early enough to receive the number by the time you must file a return or statement or make a tax deposit. If you apply by mail, file Form SS-4 at least 4 to 5 weeks before you need an EIN. If you apply by telephone or through the IRS website, you can get an EIN immediately. If you apply by fax, you can get an EIN within 4 business days.

If you do not receive your EIN by the time a return is due, file your return anyway. Write "Applied for" and the date you applied for the number in the space for the EIN. **Do not** use your social security number as a substitute for an EIN on your tax returns.

**More than one EIN.** You should have only one EIN. If you have more than one EIN and are not sure which to use, contact the Internal Revenue Service Center where you file your return. Give the numbers you have, the name and address to which each was assigned, and the address of your main place of business. The IRS will tell you which number to use.

**More information.** For more information about EINs, see Publication 1635, *Understanding Your EIN*.

## Payee's Identification Number

In the operation of a business, you will probably make certain payments you must report on information returns (discussed later under *Information Returns*). The forms used to report these payments must include the payee's identification number.

**Employee.** If you have employees, you must get an SSN from each of them. Record the name and SSN of each employee exactly as they are shown on the employee's social security card. If the employee's name is not correct as shown on the card, the employee should request a new card from the SSA. This may occur, for example, if the employee's name has changed due to marriage or divorce.

If your employee does not have an SSN, he or she should file Form SS-5, *Application for a Social Security Card*, with the SSA. This form is available at SSA offices or by calling 1-800-772-1213. It is also available from the SSA website at [www.ssa.gov](http://www.ssa.gov).

**Other payee.** If you make payments to someone who is not your employee and you must report the payments on an information return, get that person's SSN. If you make reportable payments to an organization, such as a corporation or partnership, you must get its EIN.

To get the payee's SSN or EIN, use **Form W-9**, *Request for Taxpayer Identification Number and Certification*. This form is available from IRS offices or by calling 1-800-829-3676. It is also available from the IRS website at [www.irs.gov](http://www.irs.gov).



If the payee does not provide you with an identification number, you may have to withhold part of the payments as backup withholding. For information on backup withholding, see the Form W-9 instructions and the General Instructions for Forms 1099, 1098, 5498, and W-2G.

## Tax Year

You must figure your taxable income and file an income tax return based on an annual accounting period called a tax year. A tax year is usually 12 consecutive months. There are two kinds of tax years.

- 1) **Calendar tax year.** A calendar tax year is 12 consecutive months beginning January 1 and ending December 31.
- 2) **Fiscal tax year.** A fiscal tax year is 12 consecutive months ending on the last day of any month except December. A 52-53-week tax year is a fiscal tax year that varies from 52 to 53 weeks but does not have to end on the last day of a month.

If you file your first tax return using the calendar tax year and you later begin business as a sole proprietor, become a partner in a partnership, or become a shareholder in an S corporation, you must continue to use the calendar year unless you get IRS approval to change it or are otherwise allowed to change it without IRS approval.

You must use a calendar tax year if:

- You keep no books.
- You have no annual accounting period.
- Your present tax year does not qualify as a fiscal year.
- You are required to use a calendar year by a provision of the Internal Revenue Code or the Income Tax Regulations.

For more information, see Publication 538, *Accounting Periods and Methods*.

**First-time filer.** If you have never filed an income tax return, you adopt either a calendar tax year or a fiscal tax year. You adopt a tax year by filing your first income tax return using that tax year. You have **not** adopted a tax year if you merely did any of the following.

- Filed an application for an extension of time to file an income tax return.
- Filed an application for an employer identification number.
- Paid estimated taxes for that tax year.

**Changing your tax year.** Once you have adopted your tax year, you may have to get IRS approval to change it. To get approval, you must file **Form 1128**, *Application To*

*Adopt, Change, or Retain a Tax Year.* You may have to pay a fee. For more information, see Publication 538.

---


## Accounting Method

An accounting method is a set of rules used to determine when and how income and expenses are reported. You choose an accounting method for your business when you file your first income tax return. There are two basic accounting methods.

- 1) **Cash method.** Under the cash method, you report income in the tax year you receive it. You usually deduct or capitalize expenses in the tax year you pay them.
- 2) **Accrual method.** Under an accrual method, you generally report income in the tax year you earn it, even though you may receive payment in a later year. You deduct or capitalize expenses in the tax year you incur them, whether or not you pay them that year.

For other methods, see Publication 538.

If you need inventories to show income correctly, you must generally use an accrual method of accounting for purchases and sales. **Inventories** include goods held for sale in the normal course of business. They also include raw materials and supplies that will physically become a part of merchandise intended for sale. Inventories are explained in Publication 538.

 *Certain small business taxpayers can use the cash method of accounting and can also account for inventoriable items as materials and supplies that are not incidental. For more information, see Publication 538.*

You must use the same accounting method to figure your taxable income and to keep your books. Also, you must use an accounting method that clearly shows your income. In general, any accounting method that consistently uses accounting principles suitable for your trade or business clearly shows income. An accounting method clearly shows income only if it treats all items of gross income and expense the same from year to year.

**More than one business.** When you own more than one business, you can use a different accounting method for each business if the method you use for each clearly shows your income. You must keep a complete and separate set of books and records for each business.

**Changing your method of accounting.** Once you have set up your accounting method, you must generally get IRS approval before you can change to another method. A change in accounting method not only includes a change in your overall system of accounting, but also a change in the treatment of any material item. For examples of changes that require approval and information on how to get approval for the change, see Publication 538.

---

## Business Taxes

The form of business you operate determines what taxes you must pay and how you pay them. The following are the four general kinds of business taxes.

- Income tax.
- Self-employment tax.
- Employment taxes.
- Excise taxes.

See *Table 2* on page 6 for the forms you file to report these taxes.



*You may want to get Publication 509. It has tax calendars that tell you when to file returns and make tax payments.*

## Income Tax

All businesses except partnerships must file an annual income tax return. Partnerships file an information return. Which form you use depends on how your business is organized. See *Table 2* on page 6 to find out which return you have to file.

The federal income tax is a pay-as-you-go tax. You must pay the tax as you earn or receive income during the year. An employee usually has income tax withheld from his or her pay. If you do not pay your tax through withholding, or do not pay enough tax that way, you might have to pay estimated tax. If you are not required to make estimated tax payments, you may pay any tax due when you file your return.

**Estimated tax.** Generally, you must pay taxes on income, including self-employment tax (discussed next), by making regular payments of estimated tax during the year.

**Sole proprietors, partners, and S corporation shareholders.** You generally have to make estimated tax payments if you expect to owe tax of \$1,000 or more when you file your return. Use Form 1040-ES, *Estimated Tax for Individuals*, to figure and pay your estimated tax. For more information, see Publication 505, *Tax Withholding and Estimated Tax*.

**Corporations.** You generally have to make estimated tax payments for your corporation if you expect it to owe tax of \$500 or more when you file its return. Use Form 1120-W, *Estimated Tax for Corporations*, to figure the estimated tax. You must deposit the payments as explained on page 8 under *Depositing Taxes*. For more information, see Publication 542.

## Self-Employment Tax

Self-employment tax (SE tax) is a social security and Medicare tax primarily for individuals who work for themselves. Your payments of SE tax contribute to your cover-

**Table 2. Which Forms Must I File?**

<b>IF you are a...</b>	<b>THEN you may be liable for...</b>	<b>Use Form...</b>
Sole proprietor	Income tax	1040 and Schedule C <sup>1</sup> or C-EZ (Schedule F <sup>1</sup> for farm business)
	Self-employment tax	1040 and Schedule SE
	Estimated tax	1040-ES
	Employment taxes: <ul style="list-style-type: none"> <li>• Social security and Medicare taxes and income tax withholding</li> <li>• Federal unemployment (FUTA) tax</li> <li>• Depositing employment taxes</li> </ul>	941 (943 for farm employees)  940 or 940-EZ  8109 <sup>2</sup>
	Excise taxes	See <i>Excise Taxes</i>
Partnership	Annual return of income	1065
	Employment taxes	Same as sole proprietor
	Excise taxes	See <i>Excise Taxes</i>
Partner in a partnership (individual)	Income tax	1040 and Schedule E <sup>3</sup>
	Self-employment tax	1040 and Schedule SE
	Estimated tax	1040-ES
Corporation or S corporation	Income tax	1120 or 1120-A (corporation) <sup>3</sup> 1120S (S corporation) <sup>3</sup>
	Estimated tax	1120-W (corporation only) and 8109 <sup>2</sup>
	Employment taxes	Same as sole proprietor
	Excise taxes	See <i>Excise Taxes</i>
S corporation shareholder	Income tax	1040 and Schedule E <sup>3</sup>
	Estimated tax	1040-ES

<sup>1</sup> File a separate schedule for each business.

<sup>2</sup> Do not use if you deposit taxes electronically.

<sup>3</sup> Various other schedules may be needed.

age under the social security system. Social security coverage provides you with retirement benefits, disability benefits, survivor benefits, and hospital insurance (Medicare) benefits.

You must pay SE tax and file Schedule SE (Form 1040) if either of the following applies.

- 1) Your net earnings from self-employment were \$400 or more.
- 2) You had church employee income of \$108.28 or more.

Use Schedule SE (Form 1040) to figure your SE tax. For more information, see Publication 533, *Self-Employment Tax*.



*You can deduct one-half of your SE tax as an adjustment to income on your Form 1040.*

**The Social Security Administration (SSA) time limit for posting self-employment income.** Generally, the SSA will give you credit only for self-employment income reported on a tax return filed within 3 years, 3 months, and 15 days after the tax year you earned the income. If you file your tax return or report a change in your self-employment income after this time limit, the SSA may change its records, but only to remove or reduce the amount. The SSA will not change its records to increase your self-employment income.

## Employment Taxes

This section briefly discusses the employment taxes you must pay, the forms you must file to report them, and other forms that must be filed when you have employees.

Employment taxes include the following.

- Social security and Medicare taxes.
- Federal income tax withholding.
- Federal unemployment (FUTA) tax.

If you have employees, you will need to get Publication 15, *Circular E, Employer's Tax Guide*. If you have agricultural employees, get Publication 51, *Circular A, Agricultural Employer's Tax Guide*. These publications explain your tax responsibilities as an employer.

If you are not sure whether the people working for you are your employees, see Publication 15–A, *Employer's Supplemental Tax Guide*. That publication has information to help you determine whether an individual is an employee or an independent contractor. If you classify an employee as an independent contractor, you can be held liable for employment taxes for that worker plus a penalty. An independent contractor is someone who is self-employed. Generally, you do not have to withhold or pay any taxes on payments to an independent contractor.

### Federal Income, Social Security, and Medicare Taxes

You generally must withhold federal income tax from your employee's wages. To figure how much federal income tax to withhold from each wage payment, use the employee's Form W–4 (discussed later under *Hiring Employees*) and the methods described in Publication 15.

Social security and Medicare taxes pay for benefits that workers and their families receive under the Federal Insurance Contributions Act (FICA). Social security tax pays for benefits under the old-age, survivors, and disability insurance part of FICA. Medicare tax pays for benefits under the hospital insurance part of FICA. You withhold part of these taxes from your employee's wages and you pay a matching amount yourself. To find out how much social security and Medicare tax to withhold and to pay, see Publication 15.

**Which form do I file?** Report these taxes on Form 941, *Employer's Quarterly Federal Tax Return*. (Farm employers use Form 943, *Employer's Annual Federal Tax Return for Agricultural Employees*.)

### Federal Unemployment (FUTA) Tax

The federal unemployment tax is part of the federal and state program under the Federal Unemployment Tax Act (FUTA) that pays unemployment compensation to workers

who lose their jobs. You report and pay FUTA tax separately from social security and Medicare taxes and withheld income tax. You pay FUTA tax only from your own funds. Employees do not pay this tax or have it withheld from their pay.

**Which form do I file?** Report federal unemployment tax on Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*. Or, if you qualify, you can use the simpler Form 940–EZ instead. See Publication 15 to find out if you can use this form.

## Hiring Employees

Have the employees you hire fill out Form I–9 and Form W–4. If your employees qualify for and want to receive advanced earned income credit payments, they must give you a completed Form W–5.

**Form I–9.** You must verify that each new employee is legally eligible to work in the United States. Both you and the employee must complete the U.S. Citizenship and Immigration Services (USCIS) Form I–9, *Employment Eligibility Verification*. You can get the form from USCIS offices or from the USCIS website at <http://uscis.gov>. Call the USCIS at **1–800–375–5283** for more information about your responsibilities.

**Form W–4.** Each employee must fill out Form W–4, *Employee's Withholding Allowance Certificate*. You will use the filing status and withholding allowances shown on this form to figure the amount of income tax to withhold from your employee's wages.

In certain circumstances, you may be required to send a copy of an employee's Form W–4 to the IRS. If you have an employee who submits a Form W–4 claiming more than 10 withholding allowances, or claiming an exemption from withholding when the employee's wages are normally more than \$200 a week, see Publication 15.

**Form W–5.** An eligible employee who has a qualifying child is entitled to receive advance earned income credit (EIC) payments with his or her pay during the year. To get these payments, the employee must give you a properly completed Form W–5, *Earned Income Credit Advance Payment Certificate*. You are required to make advance EIC payments to employees who give you a completed and signed Form W–5. For more information, see Publication 15.

### Form W–2 Wage Reporting

After the calendar year is over, you must furnish copies of Form W–2, *Wage and Tax Statement*, to each employee to whom you paid wages during the year. You must also send copies to the Social Security Administration. See *Information Returns*, later, for more information on Form W–2.

## Excise Taxes

This section describes the excise taxes you may have to pay and the forms you have to file if you do any of the following.

- Manufacture or sell certain products.
- Operate certain kinds of businesses.
- Use various kinds of equipment, facilities, or products.
- Receive payment for certain services.

For more information on excise taxes, see Publication 510.

**Form 720.** The federal excise taxes reported on Form 720, *Quarterly Federal Excise Tax Return*, consist of several broad categories of taxes, including the following.

- Environmental taxes.
- Communications and air transportation taxes.
- Fuel taxes.
- Tax on the first retail sale of heavy trucks, trailers, and tractors.
- Manufacturers taxes on the sale or use of a variety of different articles.

**Form 2290.** There is a federal excise tax on certain trucks, truck tractors, and buses used on public highways. The tax applies to vehicles having a taxable gross weight of 55,000 pounds or more. Report the tax on Form 2290, *Heavy Highway Vehicle Use Tax Return*. For more information, see the instructions for Form 2290.

**Form 730.** If you are in the business of accepting wagers or conducting a wagering pool or lottery, you may be liable for the federal excise tax on wagering. Use Form 730, *Monthly Tax Return for Wagers*, to figure the tax on the wagers you receive.

**Form 11-C.** Use Form 11-C, *Occupational Tax and Registration Return for Wagering*, to register for any wagering activity and to pay the federal occupational tax on wagering.

## Depositing Taxes

You generally have to deposit employment taxes, certain excise taxes, corporate income tax, and S corporation taxes before you file your return.

**Electronic deposit of taxes.** Generally, taxpayers whose total deposits of social security and Medicare taxes and withheld income tax during previous years exceeded certain amounts are required to deposit taxes through the Electronic Federal Tax Payment System (EFTPS).

Starting in January 2004, any business that has a federal tax obligation and requests a new EIN will automatically be enrolled in EFTPS. Through the mail, the business

will receive an EFTPS PIN package that contains instructions for activating its EFTPS enrollment.

If a business is not required to use EFTPS, it can make deposits with an authorized financial institution. These deposits must be accompanied by a deposit coupon. See *Deposit coupons*, later.

Taxpayers not required to make deposits by EFTPS may enroll in the system, which will allow tax deposits without coupons, paper checks, or visits to an authorized depository. For more information, see Publication 15.

**Making deposits with coupons.** Mail or deliver deposits with completed **deposit coupons** to an authorized financial institution unless you make the deposits electronically, as discussed earlier.

Generally, a mailed deposit will be considered timely if the taxpayer establishes that it was mailed in the United States at least 2 days before the due date. You may be charged a penalty for not making deposits when due, unless you have reasonable cause. See *Penalties*, later.



*To help ensure proper crediting of your account, include the following on your check or money order.*

- Your EIN.
- Type of tax.
- Tax period for the payment.

**Deposit coupons.** Use **Form 8109**, *Federal Tax Deposit Coupon*, to deposit taxes. On each coupon, you must show the deposit amount, the type of tax, the period for which you are making a deposit, and your telephone number. Use a separate coupon for each tax and period. You must include a coupon with each deposit you make.

If you apply for a new EIN and have a federal tax obligation, you will be mailed one deposit coupon. If you want to order a coupon book, call **1-800-829-4933**. You should receive the coupon book within 4 to 6 weeks of ordering.

If you have a deposit due and there is not enough time to obtain a coupon book, you can get a blank coupon (Form 8109-B) by calling **1-800-829-4933**.

If you have not received your EIN and must make a deposit, mail your payment with an explanation to the Internal Revenue Service Center where you file your return. Make your check or money order payable to the United States Treasury. On the payment, write your name (exactly as shown on Form SS-4), your address, the kind of tax, the period covered, and the date you applied for an EIN. **Do not** use Form 8109-B in this situation.

---

## Information Returns

If you make or receive payments in your business, you may have to report them to the IRS on information returns. The IRS compares the payments shown on the information



returns with each person's income tax return to see if the payments were included in income. You must give a copy of each information return you are required to file to the recipient or payer. In addition to the forms described below, you may have to use other returns to report certain kinds of payments or transactions. For more details on information returns and when you have to file them, see the *General Instructions for Forms 1099, 1098, 5498, and W-2G*.

**Form 1099-MISC.** Use Form 1099-MISC, *Miscellaneous Income*, to report certain payments you make in your trade or business. These payments include the following items.

- Payments of \$600 or more for services performed for your business by people not treated as your employees, such as subcontractors, attorneys, accountants, or directors.
- Rent payments of \$600 or more, other than rents paid to real estate agents.
- Prizes and awards of \$600 or more that are not for services, such as winnings on TV or radio shows.
- Royalty payments of \$10 or more.
- Payments to certain crew members by operators of fishing boats.

You also use Form 1099-MISC to report your sales of \$5,000 or more of consumer goods to a person for resale anywhere other than in a permanent retail establishment.

**Form W-2.** You must file Form W-2, *Wage and Tax Statement*, to report payments to your employees, such as wages, tips, and other compensation, withheld income, social security, and Medicare taxes, and advance earned income credit payments. For more information on what to report on Form W-2, see the *Instructions for Forms W-2 and W-3*.

**Form 8300.** You must file Form 8300, *Report of Cash Payments Over \$10,000 Received in a Trade or Business*, if you receive more than \$10,000 in cash in one transaction or two or more related business transactions. Cash includes U.S. and foreign coin and currency. It also includes certain monetary instruments such as cashier's and traveler's checks and money orders. For more information, see Publication 1544, *Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)*.

---

## Penalties

The law provides penalties for not filing returns or paying taxes as required. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement.

**Failure to file tax returns.** If you do not file your tax return by the due date, you may have to pay a penalty. The penalty is based on the tax not paid by the due date. See

your tax return instructions for more information about this penalty.

**Failure to pay tax.** If you do not pay your taxes by the due date, you will have to pay a penalty for each month, or part of a month, that your taxes are not paid. For more information, see your tax return instructions.

**Failure to withhold, deposit, or pay taxes.** If you do not withhold income, social security, or Medicare taxes from employees, or if you withhold taxes but do not deposit them or pay them to the IRS, you may be subject to a penalty of the unpaid tax, plus interest. You may also be subject to penalties if you deposit the taxes late. For more information, see Publication 15.

**Failure to follow information reporting requirements.** The following penalties apply if you are required to file information returns. For more information, see the *General Instructions for Forms 1099, 1098, 5498, and W-2G*.

- **Failure to file information returns.** A penalty applies if you do not file information returns by the due date, if you do not include all required information, or if you report incorrect information.
- **Failure to furnish correct payee statements.** A penalty applies if you do not furnish a required statement to a payee by the required date, if you do not include all required information, or if you report incorrect information.

**Waiver of penalty.** These penalties will not apply if you can show that the failures were due to reasonable cause and not willful neglect.

In addition, there is no penalty for failure to include all the required information, or for including incorrect information, on a de minimis number of information returns if you correct the errors by August 1 of the year the returns are due. (To be considered de minimis, the number of returns cannot exceed the greater of 10 or 1/2 of 1% of the total number of returns you are required to file for the year.)

**Failure to supply taxpayer identification number.** If you do not include your taxpayer identification number (SSN or EIN) or the taxpayer identification number of another person where required on a return, statement, or other document, you may be subject to a penalty of \$50 for each failure. You may also be subject to the \$50 penalty if you do not give your taxpayer identification number to another person when it is required on a return, statement, or other document.

---

## Business Expenses

You can deduct business expenses on your income tax return. These are the current operating costs of running your business. To be deductible, a business expense must be both ordinary and necessary. An **ordinary** expense is one that is common and accepted in your field of business, trade, or profession. A **necessary** expense is one that is

helpful and appropriate for your business, trade, or profession. An expense does not have to be indispensable to be considered necessary.

The following are brief explanations of some expenses that are of interest to people starting a business. There are many other expenses that you may be able to deduct. See your form instructions and Publication 535, *Business Expenses*.

## Business Start-Up Costs

Business start-up costs are the expenses you incur **before** you actually begin business operations. Your business start-up costs will depend on the type of business you are starting. They may include costs for advertising, travel, surveys, and training. These costs are capital expenses.

You usually recover costs for a particular asset (such as machinery or office equipment) through depreciation (discussed next). Other qualifying start-up costs can be recovered through amortization. This means you deduct them in equal amounts over a period of 60 months or more. If you do not choose to amortize these start-up costs, you generally cannot recover them until you sell the business or otherwise go out of business.

For more information on business start-up costs, see chapter 9 in Publication 535.

## Depreciation

If property you acquire to use in your business has a useful life that extends substantially beyond the year it is placed in service, you generally cannot deduct the entire cost as a business expense in the year you acquire it. You must spread the cost over more than one tax year and deduct part of it each year. This method of deducting the cost of business property is called depreciation.

Business property you must depreciate includes the following items.

- Office furniture.
- Buildings.
- Machinery and equipment.

You can choose to deduct a limited amount of the cost of certain depreciable property in the year you place the property in service. This deduction is known as the “section 179 deduction.” You can take a special depreciation allowance for certain property you acquire and place in service before January 1, 2005. For more information about depreciation, the section 179 deduction, and the special depreciation allowance, see Publication 946, *How To Depreciate Property*.



*Depreciation must be taken in the year it is allowable. Allowable depreciation not taken in a prior year cannot be taken in the current year. If you do not deduct the correct depreciation, you may be able to make a correction by filing Form 1040X, Amended U.S.*

Individual Income Tax Return, or by changing your accounting method. For more information on how to correct an incorrect depreciation deduction, see chapter 1 in Publication 946.

## Business Use of Your Home

To deduct expenses related to the business use of part of your home, you must meet specific requirements. Even then, your deduction may be limited.

To qualify to claim expenses for business use of your home, you must meet both the following tests.

- 1) Your use of the business part of your home must be:
  - a) Exclusive (however, see *Exceptions to exclusive use*, later),
  - b) Regular,
  - c) For your trade or business, AND
- 2) The business part of your home must be **one** of the following:
  - a) Your principal place of business (defined later),
  - b) A place where you meet or deal with patients, clients, or customers in the normal course of your trade or business, or
  - c) A separate structure (not attached to your home) you use in connection with your trade or business.

**Exclusive use.** To qualify under the exclusive use test, you must use a specific area of your home **only** for your trade or business. The area used for business can be a room or other separately identifiable space. The space does not need to be marked off by a permanent partition.

You do **not** meet the requirements of the exclusive use test if you use the area in question both for business and for personal purposes.

**Exceptions to exclusive use.** You do not have to meet the exclusive use test if either of the following applies.

- 1) You use part of your home for the storage of inventory or product samples.
- 2) You use part of your home as a daycare facility.

For an explanation of these exceptions, see Publication 587, *Business Use of Your Home (Including Use by Day-care Providers)*.

**Principal place of business.** Your home office will qualify as your principal place of business for deducting expenses for its use if you meet the following requirements.

- You use it exclusively and regularly for administrative or management activities of your trade or business.

- You have no other fixed location where you conduct substantial administrative or management activities of your trade or business.

Alternatively, if you use your home exclusively and regularly for your business, but your home office does not qualify as your principal place of business based on the previous rules, you determine your principal place of business based on the following factors.

- The relative importance of the activities performed at each location.
- If the relative importance factor does not determine your principal place of business, the time spent at each location.

If, after considering your business locations, your home cannot be identified as your principal place of business, you cannot deduct home office expenses. However, for other ways to qualify to deduct home office expenses, see Publication 587.

**Which form do I file?** If you file Schedule C (Form 1040), use **Form 8829**, *Expenses for Business Use of Your Home*, to figure your deduction. If you file Schedule F (Form 1040) or you are a partner, you can use the worksheet in Publication 587.

**More information.** For more information about business use of your home, see Publication 587.

## Car and Truck Expenses

If you use your car or truck in your business, you can deduct the costs of operating and maintaining it. You generally can deduct either your actual expenses or the standard mileage rate.

**Actual expenses.** If you deduct actual expenses, you can deduct the cost of the following items:

Depreciation	Lease payments	Registration
Garage rent	Licenses	Repairs
Gas	Oil	Tires
Insurance	Parking fees	Tolls

If you use your vehicle for both business and personal purposes, you must divide your expenses between business and personal use. You can divide your expenses based on the miles driven for each purpose.

**Example.** You are the sole proprietor of a flower shop. You drove your van 20,000 miles during the year. 16,000 miles were for delivering flowers to customers and 4,000 miles were for personal use. You can claim only 80% (16,000 ÷ 20,000) of the cost of operating your van as a business expense.

**Standard mileage rate.** Instead of figuring actual expenses, you may be able to use the standard mileage rate to figure the deductible costs of operating your car, van, pickup, or panel truck for business purposes. You can use

the standard mileage rate for a vehicle you own or lease. The standard mileage rate is a specified amount of money you can deduct for each business mile you drive. It is announced annually by the IRS. To figure your deduction, multiply your **business** miles by the standard mileage rate for the year.



Generally, if you use the standard mileage rate, you **cannot** deduct your actual expenses. However, you may be able to deduct business-related parking fees, tolls, interest on your car loan, and certain state and local taxes.

**Choosing the standard mileage rate.** If you want to use the standard mileage rate for a car you own, you must choose to use it in the first year the car is available for use in your business. In later years, you can choose to use either the standard mileage rate or actual expenses.

If you use the standard mileage rate for a car you lease, you must choose to use it for the entire lease period (including renewals).

**Additional information.** For more information about the rules for claiming car and truck expenses, see Publication 463, *Travel, Entertainment, Gift, and Car Expenses*.

## Recordkeeping

This part explains why you must keep records, what kinds of records you must keep, and how to keep them. It also explains how long you must keep your records for federal tax purposes. A sample recordkeeping system is illustrated at the end of this part.

### Why Keep Records?

Everyone in business must keep records. Good records will help you do the following.

**Monitor the progress of your business.** You need good records to monitor the progress of your business. Records can show whether your business is improving, which items are selling, or what changes you need to make. Good records can increase the likelihood of business success.

**Prepare your financial statements.** You need good records to prepare accurate financial statements. These include income (profit and loss) statements and balance sheets. These statements can help you in dealing with your bank or creditors and help you manage your business.

- An **income statement** shows the income and expenses of the business for a given period of time.
- A **balance sheet** shows the assets, liabilities, and your equity in the business on a given date.

**Identify source of receipts.** You will receive money or property from many sources. Your records can identify the source of your receipts. You need this information to sepa-

rate business from nonbusiness receipts and taxable from nontaxable income.

**Keep track of deductible expenses.** You may forget expenses when you prepare your tax return unless you record them when they occur.

**Prepare your tax returns.** You need good records to prepare your tax returns. These records must support the income, expenses, and credits you report. Generally, these are the same records you use to monitor your business and prepare your financial statements.

**Support items reported on tax returns.** You must keep your business records available at all times for inspection by the IRS. If the IRS examines any of your tax returns, you may be asked to explain the items reported. A complete set of records will speed up the examination.

## Kinds of Records To Keep

Except in a few cases, the law does not require any specific kind of records. You can choose any recordkeeping system suited to your business that clearly shows your income and expenses.

The business you are in affects the type of records you need to keep for federal tax purposes. You should set up your recordkeeping system using an accounting method that clearly shows your income for your tax year. See *Accounting Method*, earlier. If you are in more than one business, you should keep a complete and separate set of records for each business. A corporation should keep minutes of board of directors' meetings.

Your recordkeeping system should include a summary of your business transactions. This summary is ordinarily made in your books (for example, accounting journals and ledgers). Your books must show your gross income, as well as your deductions and credits. For most small businesses, the business checkbook (discussed later) is the main source for entries in the business books. In addition, you must keep supporting documents, explained next.

## Supporting Documents

Purchases, sales, payroll, and other transactions you have in your business generate supporting documents. Supporting documents include sales slips, paid bills, invoices, receipts, deposit slips, and canceled checks. These documents contain information you need to record in your books.

It is important to keep these documents because they support the entries in your books and on your tax return. Keep them in an orderly fashion and in a safe place. For instance, organize them by year and type of income or expense.

**Gross receipts.** Gross receipts are the income you receive from your business. You should keep supporting documents that show the amounts and sources of your gross receipts. Documents that show gross receipts include the following.

- Cash register tapes.
- Bank deposit slips.
- Receipt books.
- Invoices.
- Credit card charge slips.
- Forms 1099–MISC.

**Purchases.** Purchases are the items you buy and resell to customers. If you are a manufacturer or producer, this includes the cost of all raw materials or parts purchased for manufacture into finished products. Your supporting documents should show the amount paid and that the amount was for purchases. Documents for purchases include the following.

- Canceled checks.
- Cash register tape receipts.
- Credit card sales slips.
- Invoices.

These records will help you determine the value of your inventory at the end of the year. See Publication 538 for information on methods for valuing inventory.

**Expenses.** Expenses are the costs you incur (other than purchases) to carry on your business. Your supporting documents should show the amount paid and that the amount was for a business expense. Documents for expenses include the following.

- Canceled checks.
- Cash register tapes.
- Account statements.
- Credit card sales slips.
- Invoices.
- Petty cash slips for **small** cash payments.



*A petty cash fund allows you to make small payments without having to write checks for small amounts. Each time you make a payment from this fund, you should make out a petty cash slip and attach it to your receipt as proof of payment.*

**Travel, transportation, entertainment, and gift expenses.** Specific recordkeeping rules apply to these expenses. For more information, see Publication 463.

**Employment taxes.** There are specific employment tax records you must keep. For a list, see Publication 15.

**Assets.** Assets are the property, such as machinery and furniture you own and use in your business. You must keep records to verify certain information about your business assets. You need records to figure the annual depreciation

and the gain or loss when you sell the assets. Your records should show the following information.

- When and how you acquired the asset.
- Purchase price.
- Cost of any improvements.
- Section 179 deduction taken.
- Deductions taken for depreciation.
- Deductions taken for casualty losses, such as losses resulting from fires or storms.
- How you used the asset.
- When and how you disposed of the asset.
- Selling price.
- Expenses of sale.

The following documents may show this information.

- Purchase and sales invoices.
- Real estate closing statements.
- Canceled checks.

**What if I don't have a canceled check?** If you do not have a canceled check, you may be able to prove payment with certain financial account statements prepared by financial institutions. These include account statements prepared for the financial institution by a third party. These account statements must be highly legible. The following table lists acceptable account statements.

IF payment is by...	THEN the statement must show the...
Check	<ul style="list-style-type: none"> <li>• Check number.</li> <li>• Amount.</li> <li>• Payee's name.</li> <li>• Date the check amount was posted to the account by the financial institution.</li> </ul>
Electronic funds transfer	<ul style="list-style-type: none"> <li>• Amount transferred.</li> <li>• Payee's name.</li> <li>• Date the transfer was posted to the account by the financial institution.</li> </ul>
Credit card	<ul style="list-style-type: none"> <li>• Amount charged.</li> <li>• Payee's name.</li> <li>• Transaction date.</li> </ul>



*Proof of payment of an amount, by itself, does not establish you are entitled to a tax deduction. You should also keep other documents, such as credit card sales slips and invoices, to show that you also incurred the cost.*

## Recording Business Transactions

A good recordkeeping system includes a summary of your business transactions. (Your business transactions are shown on the supporting documents just discussed.) Business transactions are ordinarily summarized in books called journals and ledgers. You can buy them at your local stationery or office supply store.

A **journal** is a book where you record each business transaction shown on your supporting documents. You may have to keep separate journals for transactions that occur frequently.

A **ledger** is a book that contains the totals from all of your journals. It is organized into different accounts.

Whether you keep journals and ledgers and how you keep them depends on the type of business you are in. For example, a recordkeeping system for a small business might include the following items.

- Business checkbook.
- Daily summary of cash receipts.
- Monthly summary of cash receipts.
- Check disbursements journal.
- Depreciation worksheet.
- Employee compensation record.

The business checkbook is explained next. The other items are illustrated later under *Sample Record System*.



*The system you use to record business transactions will be more effective if you follow good recordkeeping practices. For example, record expenses when they occur, and identify the source of recorded receipts. Generally, it is best to record transactions on a daily basis.*

**Business checkbook.** One of the first things you should do when you start a business is open a business checking account. You should keep your business account separate from your personal checking account.

The business checkbook is your basic source of information for recording your business expenses. You should deposit all daily receipts in your business checking account. You should check your account for errors by reconciling it. See *Reconciling the checking account*, later.

Consider using a checkbook that allows enough space to identify the source of deposits as business income, personal funds, or loans. You should also note on the deposit slip the source of the deposit and keep copies of all slips.

You should make all payments by check to document business expenses. Write checks payable to yourself only when making withdrawals from your business for personal use. Avoid writing checks payable to cash. If you must write a check for cash to pay a business expense, include the receipt for the cash payment in your records. If you cannot get a receipt for a cash payment, you should make an adequate explanation in your records at the time of payment.



Use the business account for business purposes only. Indicate the source of deposits and the type of expense in the checkbook.

**Reconciling the checking account.** When you receive your bank statement, make sure the statement, your checkbook, and your books agree. The statement balance may not agree with the balance in your checkbook and books if the statement:

- Includes bank charges you did not enter in your books and subtract from your checkbook balance, or
- Does not include deposits made after the statement date or checks that did not clear your account before the statement date.

By reconciling your checking account, you will:

- Verify how much money you have in the account,
- Make sure that your checkbook and books reflect all bank charges and the correct balance in the checking account, and
- Correct any errors in your bank statement, checkbook, and books.



You should reconcile your checking account each month.

Before you reconcile your monthly bank statement, check your own figures. Begin with the balance shown in your checkbook at the end of the previous month. To this balance, add the total cash deposited during the month and subtract the total cash disbursements.

After checking your figures, the result should agree with your checkbook balance at the end of the month. If the result does not agree, you may have made an error in recording a check or deposit. You can find the error by doing the following.

- 1) Adding the amounts on your check stubs and comparing that total with the total in the “amount of check” column in your check disbursements journal. If the totals do not agree, check the individual amounts to see if an error was made in your check stub record or in the related entry in your check disbursements journal.
- 2) Adding the deposit amounts in your checkbook. Compare that total with the monthly total in your cash receipt book, if you have one. If the totals do not agree, check the individual amounts to find any errors.

If your checkbook and journal entries still disagree, then refigure the running balance in your checkbook to make sure additions and subtractions are correct.

When your checkbook balance agrees with the balance figured from the journal entries, you may begin reconciling

your checkbook with the bank statement. Many banks print a reconciliation worksheet on the back of the statement.

To reconcile your account, follow these steps.

- 1) Compare the deposits listed on the bank statement with the deposits shown in your checkbook. Note all differences in the dollar amounts.
- 2) Compare each canceled check, including both check number and dollar amount, with the entry in your checkbook. Note all differences in the dollar amounts. Mark the check number in the checkbook as having cleared the bank. After accounting for all checks returned by the bank, those not marked in your checkbook are your outstanding checks.
- 3) Prepare a bank reconciliation. One is illustrated later under *Sample Record System*.
- 4) Update your checkbook and journals for items shown on the reconciliation as not recorded (such as service charges) or recorded incorrectly.

At this point, the adjusted bank statement balance should equal your adjusted checkbook balance. If you still have differences, check the previous steps to find the errors.

## Bookkeeping System

You must decide whether to use a single-entry or a double-entry bookkeeping system. The single-entry system of bookkeeping is the simplest to maintain, but it may not be suitable for everyone. You may find the double-entry system better because it has built-in checks and balances to assure accuracy and control.

**Single-entry.** A single-entry system is based on the income statement (profit or loss statement). It can be a simple and practical system if you are starting a small business. The system records the flow of income and expenses through the use of:

- 1) A daily summary of cash receipts, and
- 2) Monthly summaries of cash receipts and disbursements.

**Double-entry.** A double-entry bookkeeping system uses journals and ledgers. Transactions are first entered in a journal and then posted to ledger accounts. These accounts show income, expenses, assets (property a business owns), liabilities (debts of a business), and net worth (excess of assets over liabilities). You close income and expense accounts at the end of each tax year. You keep asset, liability, and net worth accounts open on a permanent basis.

In the double-entry system, each account has a left side for debits and a right side for credits. It is self-balancing because you record every transaction as a debit entry in one account and as a credit entry in another.

Under this system, the total debits must equal the total credits after you post the journal entries to the ledger

accounts. If the amounts do not balance, you have made an error and you must find and correct it.

An example of a journal entry exhibiting a payment of rent in October is shown next.

### General Journal

Date	Description of Entry	Debit	Credit
Oct. 5	Rent expense	780.00	
	Cash		780.00

### Computerized System

There are computer software packages you can use for recordkeeping. They can be purchased in many retail stores. These packages are very helpful and relatively easy to use; they require very little knowledge of bookkeeping and accounting.

If you use a computerized system, you must be able to produce sufficient legible records to support and verify entries made on your return and determine your correct tax liability. To meet this qualification, the machine-sensible records must reconcile with your books and return. These records must provide enough detail to identify the underlying source documents.

You must also keep all machine-sensible records and a complete description of the computerized portion of your recordkeeping system. This documentation must be sufficiently detailed to show all of the following items.

- Functions being performed as the data flows through the system.
- Controls used to ensure accurate and reliable processing.

- Controls used to prevent the unauthorized addition, alteration, or deletion of retained records.
- Charts of accounts and detailed account descriptions.

See Revenue Procedure 98–25 in Cumulative Bulletin 1998–1 for more information.

### Microfilm

Microfilm and microfiche reproductions of general books of accounts, such as cash books, journals, voucher registers, and ledgers, are accepted for recordkeeping purposes if they comply with Revenue Procedure 81–46 in Cumulative Bulletin 1981–2.

### Electronic Storage System

Records maintained in an electronic storage system are accepted for recordkeeping purposes if the system complies with Revenue Procedure 97–22 in Cumulative Bulletin 1997–1.

An electronic storage system is one that either images hardcopy (paper) books and records or transfers computerized books and records to an electronic storage media, such as an optical disk.

### How Long To Keep Records

You must keep your records as long as they may be needed for the administration of any provision of the Internal Revenue Code. Generally, this means you must keep records that support an item of income or deduction on a return until the period of limitations for that return runs out.

The period of limitations is the period of time in which you can amend your return to claim a credit or refund, or the IRS can assess additional tax. *Table 3* below contains the periods of limitations that apply to income tax returns. Unless otherwise stated, the years refer to the period after the return was filed. Returns filed before the due date are treated as filed on the due date.

Table 3. **Period of Limitations**

IF you...	THEN the period is...
1. Owe additional tax and situations (2), (3), and (4), below, do not apply to you	3 years
2. Do not report income that you should report and it is more than 25% of the gross income shown on the return	6 years
3. File a fraudulent return	Not limited
4. Do not file a return	Not limited
5. File a claim for credit or refund after you filed your return	Later of: 3 years or 2 years after tax was paid
6. File a claim for a loss from worthless securities or a bad debt deduction	7 years



Keep copies of your filed tax returns. They help in preparing future tax returns and making computations if you file an amended return.

**Employment taxes.** If you have employees, you must keep all employment tax records for at least 4 years after the date the tax becomes due or is paid, whichever is later. For more information about recordkeeping for employment taxes, see Publication 15.

**Assets.** Keep records relating to property until the period of limitations expires for the year in which you dispose of the property in a taxable disposition. You must keep these records to figure any depreciation, amortization, or depletion deduction, and to figure your basis for computing gain or loss when you sell or otherwise dispose of the property.

Generally, if you received property in a nontaxable exchange, your basis in that property is the same as the basis of the property you gave up, increased by any money you paid. You must keep the records on the old property, as well as on the new property, until the period of limitations expires for the year in which you dispose of the new property in a taxable disposition.

**Records for nontax purposes.** When your records are no longer needed for tax purposes, do not discard them until you check to see if you have to keep them longer for other purposes. For example, your insurance company or creditors may require you to keep them longer than the IRS does.

## Sample Record System

This example illustrates a single-entry system used by Henry Brown, who is the sole proprietor of a small automobile body shop. Henry uses part-time help, has no inventory of items held for sale, and uses the cash method of accounting.

These sample records should **not** be viewed as a recommendation of how to keep your records. They are intended only to show how one business keeps its records.

### 1. Daily Summary of Cash Receipts (Page 18)

This summary is a record of cash sales for the day. It accounts for cash at the end of the day over the amount in the Change and Petty Cash Fund at the beginning of the day.

Henry takes the cash sales entry from his cash register tape. If he had no cash register, he would simply total his cash sale slips and any other cash received that day.

He carries the total receipts shown in this summary for January 3 (\$267.80), including cash sales (\$263.60) and sales tax (\$4.20), to the *Monthly Summary of Cash Receipts*.

**Petty cash fund.** Henry uses a petty cash fund to make small payments without having to write checks for small amounts. Each time he makes a payment from this fund,

he makes out a petty cash slip and attaches it to his receipt as proof of payment. He sets up a fixed amount (\$50) in his petty cash fund. The total of the unspent petty cash and the amounts on the petty cash slips should equal the fixed amount of the fund. When the totals on the petty cash slips approach the fixed amount, he brings the cash in the fund back to the fixed amount by writing a check to "Petty Cash" for the total of the outstanding slips. (See the *Check Disbursements Journal* entry for check number 92.) This restores the fund to its fixed amount of \$50. He then summarizes the slips and enters them in the proper columns in the monthly check disbursements journal.

### 2. Monthly Summary of Cash Receipts (Page 19)

This shows the income activity for the month. Henry carries the total monthly net sales shown in this summary for January (\$4,865.05) to his *Annual Summary*.

To figure total monthly net sales, Henry reduces the total monthly receipts by the sales tax imposed on his customers and turned over to the state. He cannot take a deduction for sales tax turned over to the state because he only collected the tax. He does not include the tax in his income.

### 3. Check Disbursements Journal (Pages 20 and 21)

Henry enters checks drawn on the business checking account in the *Check Disbursements Journal* each day. All checks are prenumbered and each check number is listed and accounted for in the column provided in the journal.

Frequent expenses have their own headings across the sheet. He enters in a separate column expenses that require comparatively numerous or large payments each month, such as materials, gross payroll, and rent. Under the *General Accounts* column, he enters small expenses that normally have only one or two monthly payments, such as licenses and postage.

Henry does not pay personal or nonbusiness expenses by checks drawn on the business account. If he did, he would record them in the journal, even though he could not deduct them as business expenses.

Henry carries the January total of expenses for materials (\$1,083.50) to the *Annual Summary*. Similarly, he enters the monthly total of expenses for telephone, truck/auto, etc., in the appropriate columns of that summary.

### 4. Employee Compensation Record (Page 22)

This record shows the following information.

- The number of hours Henry's employee worked in a pay period.
- The employee's total pay for the period.



- The deductions Henry withheld in figuring the employee's net pay.
- The monthly gross payroll.

Henry carries the January gross payroll (\$520) to the *Annual Summary*.

## 5. Annual Summary (Page 22)

This annual summary of monthly cash receipts and expense totals provides the final amounts to enter on Henry's tax return. He figures the cash receipts total from the total of monthly cash receipts shown in the *Monthly Summary of Cash Receipts*. He figures the expense totals from the totals of monthly expense items shown in the *Check Disbursements Journal*. As in the journal, he keeps each major expense in a separate column.

Henry carries the cash receipts total shown in the annual summary (\$47,440.95) to Part I of Schedule C (not illustrated). He carries the total for materials (\$10,001.00) to Part II of Schedule C.



*A business that keeps materials and supplies on hand generally must complete the inventory lines in Part III of Schedule C. However, there are no inventories of materials and supplies in this example. Henry buys parts and supplies on a per-job basis; he does not keep them on hand.*

Henry enters annual totals for interest, rent, taxes, and wages on the appropriate lines in Part II of Schedule C. The total for taxes and licenses includes the employer's share of social security and Medicare taxes, and the business license fee. He enters the total of other annual business expenses on the "Other expenses" line of Schedule C.

## 6. Depreciation Worksheet (Page 22)

This worksheet shows the information used in figuring the depreciation allowed on assets used in Henry's business. Henry figures the depreciation using the modified accelerated cost recovery system (MACRS). He purchased and placed in service several used assets that do not qualify for the section 179 deduction or the special depreciation al-

lowance. Depreciation, the section 179 deduction, and the special depreciation allowance are discussed in Publication 946. Henry uses the information in the worksheet to complete Form 4562, *Depreciation and Amortization* (not illustrated).

## 7. Bank Reconciliation (Page 23)

Henry reconciles his checkbook with his bank statement and prepares a bank reconciliation for January as follows.

- 1) Henry begins by entering his bank statement balance.
- 2) Henry compares the deposits listed on the bank statement with deposits shown in his checkbook. Two deposits shown in his checkbook— \$701.33 and \$516.08—were not on his bank statement. He enters these two amounts on the bank reconciliation. He adds them to the bank statement balance of \$1,458.12 to arrive at a subtotal of \$2,675.53.
- 3) After comparing each canceled check with his checkbook, Henry found four outstanding checks totaling \$526.50. He subtracts this amount from the subtotal in (2). The result of \$2,149.03 is the adjusted bank statement balance.
- 4) Henry enters his checkbook balance on the bank reconciliation.
- 5) Henry discovered that he mistakenly entered a deposit of \$600.40 in his checkbook as \$594.40. He adds the difference (\$6.00) to the checkbook balance of \$2,153.03. There was a \$10.00 bank service charge on his bank statement that he subtracts from the checkbook balance. The result is the adjusted checkbook balance of \$2,149.03. This equals his adjusted bank statement balance computed in (3).

The only book adjustment Henry needs to make is to the *Check Disbursements Journal* for the \$10 bank service charge. He does not need to adjust the *Monthly Summary of Cash Receipts* because he correctly entered the January 8 deposit of \$600.40 in that record.

# 1. Daily Summary of Cash Receipts

Date January 3, 20 —

Cash sales . . . . .	263.60
Sales tax . . . . .	4.20
<b>TOTAL RECEIPTS</b>	<b>267.80</b>

## Cash on hand

### Cash in register (including unspent petty cash)

Coins . . . . .	23.75	
Bills . . . . .	143.00	
Checks . . . . .	134.05	↓
<b>TOTAL CASH IN REGISTER</b> . . . . .	<b>300.80</b>	
Add: Petty cash slips . . . . .	17.00	
<b>TOTAL CASH</b>	<b>317.80</b>	

### Less: Change and petty cash

Petty cash slips . . . . .	17.00	
Coins and bills . . . . .	33.00	↓
(unspent petty cash)		
<b>TOTAL CHANGE AND PETTY CASH FUND</b> . . . . .	<b>50.00</b>	
<b>TOTAL CASH RECEIPTS</b>	<b>267.80</b>	

## 2. Monthly Summary of Cash Receipts

Year 20— Month January

Day	Net Sales	Sales Tax	Daily Receipts	Deposit
3	263.60	4.20	267.80	
4	212.00	3.39	215.39	
5	194.40	3.10	197.50	680.69
6	222.40	3.54	225.94	
7	231.15	3.68	234.83	
8	137.50	2.13	139.63	600.40
10	187.90	2.99	190.89	
11	207.56	3.31	210.87	401.76
12	128.95	2.05	131.00	
13	231.40	3.77	235.17	
14	201.28	3.21	204.49	
15	88.01	1.40	89.41	660.07
17	210.95	3.36	214.31	
18	221.80	3.53	225.33	439.64
19	225.15	3.59	228.74	
20	221.93	3.52	225.45	
21	133.53	2.13	135.66	589.85
22	130.84	2.08	132.92	
24	216.37	3.45	219.82	352.74
25	220.05	3.50	223.55	
26	197.80	3.15	200.95	
27	272.49	4.34	276.83	701.33
28	150.64	2.40	153.04	
29	224.05	3.56	227.61	
31	133.30	2.13	135.43	516.08
<b>TOTALS</b>	4,865.05	77.51	4,942.56	4,942.56

### 3. Check Disbursements Journal

Year 20— Month January

Day	Paid To	Check #	Amount of Check	Materials	Gross Payroll	Federal Withheld Income Tax	FICA Social Security Reserve	FICA Medicare Reserve
3	Dale Advertising	74	85.00					
4	City Treasurer	75	35.00					
4	Auto Parts, Inc.	76	203.00	203.00				
4	John E. Marks	77	214.11		260.00	(20.00)	(16.12)	(3.77)
6	Henry Brown	78	250.00					
6	Mike's Deli	79	36.00					
6	Joe's Service Station	80	74.50	29.50				
6	ABC Auto Paint	81	137.50	137.50				
7	Henry Brown	82	225.00					
14	Telephone Co.	83	27.00					
15	National Bank (Tax Deposit)	84	119.56			40.00	32.24	7.54
18	National Bank	85	90.09					
18	Auto Parts, Inc.	86	472.00	472.00				
18	Henry Brown	87	275.00					
18	John E. Marks	88	214.11		260.00	(20.00)	(16.12)	(3.77)
21	Electric Co.	89	175.30					
21	M.B. Ignition	90	66.70	66.70				
21	Baker's Fender Co.	91	9.80	9.80				
21	Petty Cash	92	17.00	15.00				
21	Henry Brown	93	225.00					
25	Baker's Fender Co.	94	150.00	150.00				
25	Enterprise Properties	95	300.00					
25	State Treasurer	96	12.00					
25	State Treasurer	97	65.00					
			3,478.67	1,083.50	520.00	-0-	-0-	-0-
	Bank service charge		10.00					
<b>TOTALS</b>			3,488.67	1,083.50	520.00	-0-	-0-	-0-

### 3. Check Disbursements Journal (Continued)

State Withheld Income Tax	Employer's FICA Tax	Electric	Interest	Rent	Telephone	Truck/ Auto	Drawing	General Accounts	
								Advertising	85.00
								License	35.00
(6.00)									
							250.00		
								Holiday Party	36.00
						45.00			
							225.00		
					27.00				
	39.78								
			18.09					Loan	72.00
							275.00		
(6.00)									
		175.30							
								Postage	2.00
							225.00		
				300.00					
12.00									
								Sales Tax	65.00
-0-	39.78	175.30	18.09	300.00	27.00	45.00	975.00		295.00
									10.00
-0-	39.78	175.30	18.09	300.00	27.00	45.00	975.00		305.00

#### 4. Employee Compensation Record

Name John E. Marks  Full Time Soc. Sec. No. 567-00-8901  
 Address 1 Elm St., Anytown, NJ 07101  Part Time Date of Birth 12-21-65  
 Phone 555-6075 No. of Exemptions 1 / single

Pay Period Ending	Date Paid	Hours Worked		Earnings			Deductions												
		S	M	T	W	T	F	S	Total Regular Hours	Overtime	Regular Rate	Overtime Rate	Total	Social Security	Medicare	Federal Income Tax	State Income Tax	Net Pay	
1 - 1	1 - 4	5	5	5	5	5	5	4	6	40		\$6.50	.	\$260.00	\$16.12	\$3.77	\$20.00	\$6.00	\$214.11
1 - 15	1 - 18	4	4	4	4	4	2	4	3	40		\$6.50	.	\$260.00	\$16.12	\$3.77	\$20.00	\$6.00	\$214.11
										80		.	.	\$520.00	\$32.24	\$7.54	\$40.00	\$12.00	\$428.22
<b>QUARTERLY TOTALS</b>												.	.	\$1,262.40	\$78.23	\$18.31	\$100.00	\$30.00	\$1,035.86

#### 5. Annual Summary

Month	Cash Receipts	Materials/Supplies	Gross Payroll	FICA Taxes	Bank Charges	Electric	Interest	Insurance	Rent	Telephones	Truck/Auto	Advertising	Office Expenses	Taxes/Licenses	Misc.
January	\$4,865.05	\$1,083.50	\$520.00	\$39.78	\$10.00	\$175.30	\$18.09	.	\$300.00	\$27.00	\$45.00	\$85.00	\$36.00	\$100.00	\$2.00
February	3,478.32	874.93	235.40	17.68	7.50	153.10	18.09	210.00	300.00	21.50	28.50	.	.	.	.
March	3,942.00	724.90	507.00	38.08	11.25	145.81	18.09	.	300.00	32.10	51.30	.	.	.	.
December	3,656.52	609.23	520.00	39.78	10.00	169.00	18.09	.	300.00	23.13	37.62	.	4.00	.	71.91
<b>TOTALS</b>	\$47,440.95	\$10,001.00	\$5,434.00	\$408.09	\$92.30	\$1,642.37	\$217.08	\$420.00	\$3,600.00	\$324.09	\$571.46	\$85.00	\$40.00	\$218.00	\$344.00

#### 6. Depreciation Worksheet

Description of Property	Date Placed in Service	Cost or Other Basis	Business/Investment Use %	Section 179 Deduction and Special Allowance	Depreciation Prior Years	Basis for Depreciation	Method/Convention	Recovery Period	Rate or Table %	Depreciation Deduction
Used Equipment—Transmission Jack	1 - 3	3,000	100%	—	—	3,000	200 DB/HY	7	14.29%	\$429
Used Pickup Truck	1 - 3	8,000	100%	—	—	8,000	200 DB/HY	5	20%	1,600
Used Heavy Duty Tow Truck	1 - 3	30,000	100%	—	—	30,000	200 DB/HY	5	20%	6,000
Used Equipment—Engine Hoist	1 - 3	4,000	100%	—	—	4,000	200 DB/HY	7	14.29%	572
										<b>\$8,601</b>

## 7. Bank Reconciliation as of

Date January 31, 20

Closing balance shown on bank statement . . . 1,458.12

Add deposits not credited:

. . . ~~1/28~~ . . . 701.33

. . . 1/31 . . . 516.08

TOTAL DEPOSITS NOT CREDITED . . . 1,217.41

Subtotal . . . . . 2,675.53

Subtract outstanding checks:

No. . . . 90 . . . . 66.70

. . . . 91 . . . . 9.80

. . . . 94 . . . . 150.00

. . . . 95 . . . . 300.00

TOTAL OUTSTANDING CHECKS . . . . . 526.50

Adjusted balance per bank statement . . . . . 2,149.03

Balance shown in checkbook . . . . . 2,153.03

Add: Deposit of \$600.40 for  
1/8 entered as . . . . . 6.00  
\$594.40 (difference)

2,159.03

Subtract: Bank service charge . . . . . 10.00

Adjusted checkbook balance . . . . . 2,149.03

---

## How To Get More Information

This section describes the help the IRS and other federal agencies offer to taxpayers who operate their own businesses.

### Internal Revenue Service

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

**Contacting your Taxpayer Advocate.** If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate at **1-877-777-4778**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.
- Visit the website at **www.irs.gov/advocate**.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

**Small Business Tax Education Program.** Small business owners and other self-employed individuals can learn about business taxes through a unique partnership between the IRS and local organizations. Through workshops or in-depth tax courses, instructors provide training on starting a business, recordkeeping, preparing business tax returns, self-employment tax issues, and employment taxes.

Some courses are offered free as a community service. Courses given by an educational facility may include costs for materials and tuition. Other courses may have a nominal fee to offset administrative costs of sponsoring organizations.

For more information about this program, call the IRS Monday through Friday during regular business hours. Check your telephone book for the local number of the IRS office closest to you or you can call **1-800-829-1040**.

**Free tax services.** To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services,

including tax education and assistance programs and a list of TeleTax topics.



**Internet.** You can access the IRS website 24 hours a day, 7 days a week, at **www.irs.gov** to:

- **E-file.** Access commercial tax preparation and *e-file* services available for free to eligible taxpayers.
- Check the status of your federal income tax refund. Click on “Where’s My Refund.” Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your federal income tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- Figure your withholding allowances using our Form W-4 calculator.
- Send us comments or request help by email.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.

You can also reach us using File Transfer Protocol at **ftp.irs.gov**.



**Fax.** You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call **703-368-9694** from your fax machine. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

For help with transmission problems, call **703-487-4608**.

Long-distance charges may apply.



**Phone.** Many services are available by phone.

- **Ordering forms, instructions, and publications.** Call **1-800-829-3676** to order current-year forms, instructions, and publications and prior-year forms and instructions. You should receive your order within 10 days.
- **Asking tax questions.** Call the IRS with your tax questions at **1-800-829-4933**.
- **Solving problems.** You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or



help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to [www.irs.gov](http://www.irs.gov) or look in the phone book under “United States Government, Internal Revenue Service.”

- **TTY/TDD equipment.** If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax or account questions or to order forms and publications.
- **TeleTax topics.** Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.
- **Refund information.** If you would like to check the status of your federal income tax refund, call **1-800-829-4477** for automated refund information and follow the recorded instructions or call **1-800-829-1954**. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your federal income tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.

**Evaluating the quality of our telephone services.** To ensure that IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



**Walk-in.** Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD-ROM or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- **Services.** You can walk in to your local Taxpayer Assistance Center every business day to ask tax questions or get help with a tax problem. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. You can set up an appointment by calling your local Center and, at the prompt, leaving a message requesting Everyday Tax Solutions help. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to [www.irs.gov](http://www.irs.gov) or

look in the phone book under “United States Government, Internal Revenue Service.”



**Mail.** You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:**  
Western Area Distribution Center  
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**  
Central Area Distribution Center  
P.O. Box 8903  
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**  
Eastern Area Distribution Center  
P.O. Box 85074  
Richmond, VA 23261-5074



**CD-ROM for tax products.** You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current-year tax forms, instructions, and publications.
- Prior-year forms and instructions.
- Frequently requested tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

Buy the CD-ROM from National Technical Information Service (NTIS) on the Internet at [www.irs.gov/cdorders](http://www.irs.gov/cdorders) for \$22 (no handling fee) or call **1-877-233-6767** toll-free to buy the CD-ROM for \$22 (plus a \$5 handling fee). The first release is available in early January and the final release is available in late February.



**CD-ROM for small businesses.** IRS Publication 3207, *Small Business Resource Guide*, is a must for every small business owner or any taxpayer about to start a business. This handy, interactive CD contains all the business tax forms, instructions and publications needed to successfully manage a business. In addition, the CD provides an abundance of other helpful information, such as how to prepare a business plan, finding financing for your business, and much more. The design of the CD makes finding information easy and quick and incorporates file formats and browsers that can be run on virtually any desktop or laptop computer.

It is available in early April. You can get a free copy by calling **1-800-829-3676** or by visiting the website at [www.irs.gov/smallbiz](http://www.irs.gov/smallbiz).

**Comments on IRS enforcement actions.** The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small business about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities of each agency and rate its responsiveness to small business. If you wish to comment on the enforcement actions of the IRS, you can:

- Call **1-888-REG-FAIR (1-888-734-3247)**,
- Send an email to **ombudsman@sba.gov**, or
- Download the appraisal form at **www.sba.gov/ombudsman**.

## Small Business Administration

The Small Business Administration (SBA) offers training and educational programs, counseling services, financial programs, and contract assistance for small business owners. The SBA also has publications and videos on a variety of business topics. The following briefly describes assistance provided by the SBA.

**Small Business Development Centers (SBDCs).** SBDCs provide counseling, training, and technical services to current and prospective small business owners who cannot afford the services of a private consultant. Help is available when beginning, improving, or expanding a small business.

**Business Information Centers (BICs).** BICs offer a small business reference library, management video tapes, and computer technology to help plan a business. BICs also offer one-on-one assistance. Individuals who are in business or are interested in starting a business can use BICs as often as they wish at no charge.

**Service Corps of Retired Executives (SCORE).** SCORE provides small business counseling and training to current and prospective small business owners. SCORE is made up of current and former business people who offer their expertise and knowledge to help people start,

manage, and expand a small business. SCORE also offers a variety of small business workshops.



**Internet.** You can access the SBA website at **www.sba.gov**. While visiting the SBA website, you can find a variety of information of interest to small business owners.



**Phone.** Call the SBA Answer Desk at **1-800-UASK-SBA (1-800-827-5722)** for general information about programs available to assist small business owners.



**Walk-in.** You can walk in to a Small Business Development Center or Business Information Center to request assistance with your small business. To find the location nearest you, access the SBA on the Internet or call the SBA Answer Desk.

## Other Federal Agencies

Other federal agencies also publish publications and pamphlets to assist small businesses. Most of these are available from the Superintendent of Documents at the Government Printing Office. You can get information and order these publications and pamphlets in several ways.



**Internet.** You can access the GPO website at **www.access.gpo.gov**.



**Phone.** Call the GPO toll-free at **1-866-512-1800** or at **(202) 512-1800** from the local Washington, DC area.



**Mail.** Write to the GPO at the following address.

Superintendent of Documents  
P.O. Box 371954  
Pittsburgh, PA 15250-7954

