

# Completing the Worksheets

## HOW TO CALCULATE INCOME IF YOU ARE SELF-EMPLOYED

If you are self-employed you will need to prepare a profit and loss statement to calculate your personal income. Your business profit is basically your “personal income”. A [Profit and Loss Statement](#) is a standard financial document that summarizes a business' income and expenses for a specific period of time, usually one quarter of a fiscal year or the entire fiscal year. The following is an example of a typical six-month profit and loss statement. The profit and loss statement basically does the same thing as the IRS FORM “Schedule C”. Form Schedule C is used to calculate your profit for a full year.

The “[gross profit](#)” figure basically represents your “[personal income](#)” (i.e. the figure you should enter on worksheets under income). You will need to prepare a six-month profit and loss statement in order to calculate the figure you will need to enter on worksheets under “LAST SIX MONTHS GROSS INCOME”. In addition, if your [average](#) profit for the last six months would be a good indicator of what your current monthly profit is likely to be, then you may enter this average figure under “CURRENT INCOME” on worksheets.

### **Profit & Loss Statement**

|                       | Jan / / 05 | Feb / / 05 | Mar / / 05 | Apr / / 05 | May / / 05 | Jun / / 05 |
|-----------------------|------------|------------|------------|------------|------------|------------|
| <b>INCOME</b>         |            |            |            |            |            |            |
| Sales/Receipts        | 2325       | 2530       | 1325       | 3350       | 3255       | 5230       |
| <b>EXPENSES</b>       |            |            |            |            |            |            |
| Rent/Mortgage         | 300        | 300        | 300        | 300        | 300        | 300        |
| Wages                 | 250        | 275        | 150        | 450        | 450        | 910        |
| Payroll Taxes         | 71         | 78         | 31         | 106        | 102        | 131        |
| Vehicle Expense       | 205        | 235        | 155        | 315        | 335        | 405        |
| Advertising           | 23         | 23         | 23         | 23         | 23         | 23         |
| Insurance             | 21         | 21         | 21         | 21         | 21         | 21         |
| Utilities             | 76         | 106        | 126        | 79         | 121        | 88         |
| Supplies              | 25         | 37         | 51         | 75         | 55         | 125        |
| Other                 | 22         | 33         | 42         | 36         | 122        | 29         |
| <b>TOTAL EXPENSES</b> | 993        | 1108       | 899        | 1405       | 1529       | 2032       |
| <b>GROSS PROFIT</b>   | 1332       | 1422       | 426        | 1945       | 1726       | 3198       |

**TOTAL PROFIT SIX (6) MONTHS 10,049.00**

**AVERAGE PROFIT SIX (6) MONTHS 1,674.00**