

**PA SCHEDULE C-EZ**  
 Short Form Profit from  
 Business or Profession  
 PA-40 C-EZ (09-01) (I) **2001**

0102010022

OFFICIAL USE ONLY

Name(s) as shown first on the PA tax return:

Social Security Number:  
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**General Information.** You may use this schedule to report your net profit from your business or professional activity. You **may not** use this schedule if your realized a loss from your business or profession. If you and your spouse each have a qualifying business, you may (each) submit a PA Schedule C-EZ. If you meet the requirements described below, you may use this PA Schedule C-EZ even if you did not file a Federal Schedule C-EZ with your federal tax return.

- Your allowable PA business or professional expenses were \$2,500 or less – see the instructions
- This is your only business or profession
- You did not have any employees
- You use the cash method of accounting
- You are reporting the same depreciation expense for PA and federal purposes
- You are not deducting expenses for office in home
- You are not a statutory employee for federal purposes – for PA purposes, statutory employees claim their expenses on PA Schedule(s) UE

**Federal Schedule C-EZ.** If you use Federal Schedule C-EZ, you may submit that schedule with your PA-40, or enter the information from your Federal Schedule C-EZ, and fill in the oval on Line 4.

**Caution.** If you operate a farm, you may submit a complete PA Schedule F or a complete PA Schedule C-F Reconciliation.

**Part A. Identification Information** Read the instructions below.

Business Name:			EIN or SSN	
Street Address:			PA Sales Tax License (if applicable):	
City	State	ZIP Code	Telephone Number (    )	e-mail address:

Briefly describe your principal business activity or profession, including your products and services:

**Part B. Determining Your Net Profit -** Read the instructions below.

1 <b>Gross receipts</b> from business or professional activity . . . . .	1		
2 <b>Allowable business expenses</b> , only if \$2,500 or less . . . . .	2		
3 <b>Net profit for PA income tax purposes</b> - subtract Line 2 from Line 1 . . . . .	3		
4 If you filed a Federal Schedule C-EZ with your Form 1040, fill in this oval . . . . .	4	○	

**Instructions**

PA Personal Income Tax law requires that taxpayers determine their net profit from the operation of a business, profession, or other activity in accordance with accepted accounting principles and practices, but without deduction of taxes based on income.

**Part A.**

Enter the name of your business, even if the same as the name you use for filing your PA tax return. Enter your Federal Employer Identification Number, or Social Security Number, if you do not have a FEIN. Enter you PA Sales Tax License Number, if you have one. Provide the complete address of your business, only if different from your residence. Enter your business telephone number and e-mail address.

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**Part B.**

**Line 1.** Include all cash receipts from operating your business or profession. Include in Line 1 the value of property and the value of services that you realized in providing your products, goods, and services.

**Line 2.** This amount may not be more than \$2,500. Enter the total of the business expenses that you actually paid in operating your business or profession. PA law follows accepted principles and practices in determining net profits. You may fully deduct all the ordinary, necessary, and reasonable business expenses that are directly related to operating your business or profession. For additional information, see the on-line instructions for the PA-40, and PA Schedule C-F Reconciliation at the Department of Revenue's home page: [www.revenue.state.pa.us](http://www.revenue.state.pa.us), or request a PA-40 booklet from the Department's toll-free Forms Ordering service: 1-800-362-2050.

**Line 3.** Subtract Line 2 from Line 3. Include the result on Line 4 of your PA-40.

**Line 4.** Fill in this oval if you filed a Federal Schedule C-EZ with your federal tax return and are using the same amounts.

**What is a Business or Profession?**

You operate a business or profession if you meet **ALL** of the following:

1. You market your products, goods, and services to your customers in a marketplace; **and**
2. You regularly and continuously conduct your commercial activities; **and**
3. You do not limit or restrict your commercial activities to certain related or unrelated customers; **and**
4. You compute your net income or loss solely from those items of revenue, cost, expense, or liability that you receive from or incur in:
  - (a) The ordinary course and operation of your business or profession; **or**
  - (b) Securities employed as working capital in the ordinary operation of your business or profession; **or**
  - (c) Accounts and notes receivable from the sales of products and services in the ordinary operation of your business or profession; **or**
  - (d) Assets that serve an operational function in the ordinary operation of your business or profession.

Your allowable business expenses are the direct, ordinary, necessary, and reasonable expenses that you paid or incurred during the taxable year. You may deduct the expenses you incur when those expenses are directly related to your business activity, and necessary for and actually paid in the production and marketing of your products, goods, or services. Your personal expenses are never deductible.

The following activities **DO NOT** constitute the operation of a business or profession. If you have these kinds of sales, you may not use PA Schedule C-EZ. You usually report transactions described in 1 through 4 on a PA Schedule D. The income from the transaction described in 5 is usually royalty income on PA Schedule E.

1. A sale, discontinuation, or abandonment of a business or segment thereof
2. An isolated or nonrecurring transaction that is not a normal or routine business activity
3. The ownership or disposition of assets that you hold for long-term investment purposes
4. Trading in securities for personal purposes
5. A nonoperating interest in coal, oil, gas, or minerals-in-place, unless they serve an operational function in the operation of the owner's business.

**IMPORTANT:** *Paying any tax imposed on, or measured by, gross or net earned or unearned income is neither a business transaction, nor an allowable expense under PA law.*