

**Basic filing requirements for federal income taxes - Who must file federal income tax returns?**

	<b>Question</b>	<b>"Yes" answer response</b>	<b>"No" answer response</b>
	<b>Should I file a federal income tax return?</b>		
	<b>Question</b>	<b>"Yes" answer response</b>	<b>"No" answer response</b>
<b>1.1</b>	Do you have GROSS income (income before any deductions) in excess of the amounts shown on Chart A of the current year instructions for IRS Form 1040?	Yes, you are required to file a federal income tax return.	If no, go to the next question.
<b>1.2</b>	Do you have NET SELF EMPLOYMENT income (income from your business after subtracting business deductions) in excess of \$400?	Yes, you are required to file a federal income tax return.	If you answer no to both questions 1.1 and 1.2 you are not required to file a federal income tax return.
	<b>Should I use a Schedule F to report my farm/ranch income/loss?</b>		
<b>2.1</b>	Is your net income associated with raising crops or livestock for sale?	Yes, Schedule F is the correct form.	No, Schedule F is not the correct form, you should use Schedule C instead.
	<b>Can I file a Schedule F even though it is not required?</b>		
<b>3.1</b>	Can you demonstrate that even though you have losses, you have a genuine intent to profit, either through eventually having annual net income or through eventually having the value of your assets increase due to your efforts (not just due to inflation)?	If yes, go to the next question.	No, you may not file a Schedule F, you do not have a for-profit business. Report any income from this activity as miscellaneous income on your tax return.
<b>3.2</b>	Can you identify the primary profit-generating function of your business and if so, has that function begun?	Yes, you may file a Schedule F even if it is not required. You may file a Schedule F showing losses.	If no, go to the next question.

<b>3.3</b>	Are you actively using depreciable assets (items that will benefit the business for more than one year, but which will eventually cease to exist - for example machinery and fences) as a part of the pre-operational phase of your business as you explore how to develop your business and make it operational?	Yes, you may file a Schedule F and related depreciation schedules however the losses must be suspended and may not be deducted except as amortized start up expenses beginning in the year you actually begin business operations. See a qualified CPA or EA for assistance.	No, you may not file a Schedule F, you do not have a for-profit business. Report any income from this activity as miscellaneous income on your tax return.
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