



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

International Taxation

at

R SINGHI HALL

on 26th May 2005


Insight Into US Taxation

Sanjib Sanghi - FCA

TABLE OF CONTENTS



- ☒ Introduction To International Taxation
- ☒ Important Tax Highlights
- ☒ Enroute To Form 1040
- ☒ Related Forms & Schedules
- ☒ US Taxation & Opportunities For Indian CAs
- ☒ e-Taxation Process
- ☒ Popular Software – An Interface



Introduction To International Taxation

With technology taking unprecedented turns and inroads into our professional work space, a whole world of budding opportunities has opened up- One among them being **International Taxation!!**

Virtual Practice being the order of the day has called in to look beyond our boundaries...



Important Tax Highlights

Important Tax Highlights

TYPE OF YEARS	PERIOD
Calendar Year	1 st January – 31 st December
Fiscal Year	12 months period
Retail Industries	1 st February 1 st – 31 st January
Federal Government	Starting September 30 th
State Government	Starting August 15 th


ENTITY	FORMS
INDIVIDUAL	1040/ 1040A/ 1040EZ
PARTNERSHIP	1065
S CORPORATION	1120 S
TRUST	8453

Due Date

15th day of the 4th month

Calendar Year Taxpayer

April 15th



Important Tax Highlights

Eligibility For Filing Federal Income Tax Return

1. In general, if you have the following gross income amounts, you are required to file a federal tax return with the IRS:

Single	\$ 7,950
Head of Household	\$10,250
Married Filing Jointly	\$15,900
Married Filing Separately	\$ 3,100
Q/ Widower (with dependent child)	\$12,800

2. A person who is self-employed must file a tax return if his net earnings from self-employment exceed \$400.
3. **EIC Factor:** individuals who don't earn enough to be required to file a tax return may be eligible for an **Earned Income Tax Credit** up to \$2,604 for a taxpayer with one qualifying child and \$4,300 for a taxpayer with two or more qualifying children.

Individual Tax Entities

Important Tax Highlights

USA (5 FILING STATUS)

- ↳ Single
- ↳ Married Filing Jointly
- ↳ Married Filing Separately
- ↳ Head of Household
- ↳ Qualifying Widower

INDIA

- ↳ Assessed in an individual's sole capacity.
- ↳ Marital Status not the criteria

5 Filing Status

Important Tax Highlights

Single : Unmarried

Separated by Divorce
Separate Maintenance

MFJ : Married at the end of the year.
Live apart but not legally separated.
Spouse died during the year and have not remarried.

MFS : Option open for Married tax payer to file as MFS.

HOH : Unmarried
Maintain over 50% of household.
Dependent lives in the house for over birth.

Q/Widow Spouse died within 2 years before Tax Year.
Surviving spouse died or remarry.
A child qualifying as dependent.
Provider over 50% of the cost of keeping up the house.

Form 1040 – An Insight

Form **1040**

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2004

(99) IRS Use Only—Do not write or staple in this space.

Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election Campaign
(See page 16.)

L
A
B
E
L

H
E
R
E

For the year Jan. 1–Dec. 31, 2004, or other tax year beginning _____, 2004, ending _____, 20		OMB No. 1545-0074
Your first name and initial _____	Last name _____	Your social security number _____
If a joint return, spouse's first name and initial _____	Last name _____	Spouse's social security number _____
Home address (number and street). If you have a P.O. box, _____, page 16.		Apt. no. _____
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.		

▲ Important! ▲
You **must** enter your SSN(s) above.

Note. Checking "Yes" will change your tax withholding. Do you, or your spouse, want to be paid by direct deposit? Yes No Yes No

Filing Status

Check only one box.

- 1 Single
- 2 Married, filing jointly (even if only one had income)
- 3 Qualifying widow(er) with dependent child (see page 17)
- 4 Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter the child's name and full name here. ▶

Exemptions

If more than four dependents, see page 18.

6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a				Boxes checked on 6a and 6b No. of children on 6c who: • lived with you _____ • did not live with you due to divorce or separation (see page 18) _____ Dependents on 6c not entered above _____ Add numbers on lines above ▶ <input type="checkbox"/>
b <input type="checkbox"/> Spouse				
c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 18)	
(1) First name _____ Last name _____	_____	_____	_____	
d Total number of exemptions claimed				

21.6 Cr out of a 27.13 Cr population file their returns, which is aprx 79.60%.

ACCOUNTING TOGETHER

Form 1040 - An Insight

Form **1040** Department of the Treasury—Internal Revenue Service **2004** (99) IRB Use Only—Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2004, or other tax year beginning _____, 2004, ending _____, 20 OMB No. 1545-0074

Label
(See instructions on page 16.)
Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see page 16.		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.		

▲ Important! ▲
You must enter your SSN(s) above.

Presidential Election Campaign (See page 16.) **Note.** Checking "Yes" will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want \$3 to go to this fund? Yes No Yes No

Filing Status
Check only one box.

1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here. ▶
4 Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a
b Spouse

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 18)
_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	<input type="checkbox"/>

If more than four dependents, see page 18.

d Total number of exemptions claimed

Boxes checked on 6a and 6b _____
No. of children on 6c who:
• lived with you _____
• did not live with you due to divorce or separation (see page 18) _____
Dependents on 6c not entered above _____
Add numbers on lines above ▶

Computation of Individual Income Tax (In USA) Form 1040 – An Insight

Gross Income		XXX
Minus: Above The Line Deductions for AGI		<u>(XXX)</u>
Adjusted Gross Income (AGI)		XXX
Minus: Below The Line Deductions From AGI:		
(i) Greater of Itemized Deduction or Standard Deduction	(XXX)	
(ii) Personal & Dependency Exemptions	<u>(XXX)</u>	<u>(XXX)</u>
Taxable Income		XXX
Gross Tax (as per the rate of Tax Table)		XXX
Minus: Credits and prepayments		<u>(XXX)</u>
Net Tax Payable/ Refundable		<u>XXX</u>



Gross Income

Form 1040 – An Insight

It is all income from whatever source derived, including (but not limited to) the following items:

- Wages, Salaries & Tips
- Tax-exempt Interests
- Business Income
- Rental real estate, royalties, etc
- Ordinary Dividends
- Alimony Received
- Pensions & Annuities
- Farm Income

<p>Income</p> <p>Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.</p> <p>If you did not get a W-2, see page 19.</p> <p>Enclose, but do not attach, any payment. Also, please use Form 1040-V.</p>	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7		
	8a	Taxable interest. Attach Schedule B if required	8a		
	b	Tax-exempt interest. Do not include on line 8a	8b		
	9a	Ordinary dividends. Attach Schedule B if required	9a		
	b	Qualified dividends (see page 20)	9b		
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 20)	10		
	11	Alimony received	11		
	12	Business income or (loss). Attach Schedule C or C-EZ	12		
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13		
	14	Other gains or (losses). Attach Form 4797	14		
	15a	IRA distributions	15a		
	b	Taxable amount (see page 22)	15b		
	16a	Pensions and annuities	16a		
	b	Taxable amount (see page 22)	16b		
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
	18	Farm income or (loss). Attach Schedule F	18		
	19	Unemployment compensation	19		
	20a	Social security benefits	20a		
	b	Taxable amount (see page 24)	20b		
	21	Other income. List type and amount (see page 24)	21		
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22		





Above The Line Deductions For AGI

Form 1040 – An Insight

- Educator Expenses
- Alimony Paid
- Moving Expenses
- IRA Deductions
- Student loan interest deduction
- Medical savings account deduction

Adjusted Gross Income	23	Educator expenses (see page 26)	23				
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24				
	25	IRA deduction (see page 26)	25				
	26	Student loan interest deduction (see page 28)	26				
	27	Tuition and fees deduction (see page 29)	27				
	28	Health savings account deduction. Attach Form 8889	28				
	29	Moving expenses. Attach Form 3903	29				
	30	One-half of self-employment tax. Attach Schedule SE	30				
	31	Self-employed health insurance deduction (see page 30)	31				
	32	Self-employed SEP, SIMPLE, and qualified plans	32				
	33	Penalty on early withdrawal of savings	33				
	34a	Alimony paid b Recipient's SSN ▶ _____ ; _____	34a				
	35	Add lines 23 through 34a	35				
	36	Subtract line 35 from line 22. This is your adjusted gross income ▶	36				

Below the line deductions are all the deductions that may be subtracted from AGI to arrive at the Taxable Income.

Adjusted Gross Income		XXX
<u>Less:</u> Standard Deduction	XXX	
OR		
Itemized Deduction	XXX	
(Whichever is HIGHER)	<u>XXX</u>	
		XXX
<u>Less:</u> Personal Or Dependency Exemptions		<u>XXX</u>
Taxable Income		<u>XXX</u>

The Basic Standard Deduction amount depends upon the filing status and the dependency status on another's return as follows (2004)

Single	\$4850
Married filing Jointly	\$9700
Married Filing Separately	\$4850
Surviving Spouse	\$9700
Head of Household	\$7150

Additional Standard Deduction

1. Has attained the age of 65 or is blind
2. Has reached age 65 and is blind is entitled to twice the amount of additional std deduction

The amounts of additional standard deduction are as follows (2004)

Single	\$1200
Married filing Jointly	\$950
Married Filing Separately	\$950
Surviving Spouse	\$950
Head of Household	\$1200

Itemized Deductions are available to all Individuals.

You can deduct Six kinds of Itemized Expenses:

- ✓ Medical and dental expenses
- ✓ Taxes
- ✓ Interest expense
- ✓ Charitable contributions
- ✓ Casualty and theft losses
- ✓ Job expenses & other misc expenses

Should I Itemize?

Yes, if your **Itemized Deduction** total is more than your **Standard Deduction**.

Choose one that benefits you the most — YOU CAN'T DO BOTH!



Itemized Deduction: Schedule A

Form 1040 – An Insight

- ❖ Medical & Dental Expenses
- ❖ Taxes You Paid
- ❖ Interest You Paid
- ❖ Gifts To Charity
- ❖ Casualty And Theft Losses
- ❖ Job Expenses

SCHEDULES A&B (Form 1040)		Schedule A—Itemized Deductions (Schedule B is on back)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040. ▶ See Instructions for Schedules A and B (Form 1040).		2003 Attachment Sequence No. 07	
Name(s) shown on Form 1040				Your social security number	
Medical and Dental Expenses	1	Caution. Do not include expenses reimbursed or paid by others. Medical and dental expenses (see page A-2)	1		
	2	Enter amount from Form 1040, line 35	2		
	3	Multiply line 2 by 7.5% (.075)	3		
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid (See page A-2.)	5	State and local income taxes	5		
	6	Real estate taxes (see page A-2)	6		
	7	Personal property taxes	7		
	8	Other taxes. List type and amount ▶	8		
	9	Add lines 5 through 8	9		
Interest You Paid (See page A-3.)	10	Home mortgage interest and points reported to you on Form 1098	10		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11		
	12	Points not reported to you on Form 1098. See page A-3 for special rules	12		
	13	Investment interest. Attach Form 4952 if required. (See page A-4.)	13		
	14	Add lines 10 through 13	14		
Gifts to Charity If you made a gift and got a benefit for it, see page A-4.	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-4	15		
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You must attach Form 8283 if over \$500	16		
	17	Carryover from prior year	17		
	18	Add lines 15 through 17	18		
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19		



Itemized Deduction: Contd

Form 1040 – An Insight

Tax and Credits	37	Amount from line 36 (adjusted gross income)		37		
	38a	Check <input type="checkbox"/> You were born before January 2, 1940, <input type="checkbox"/> Blind. } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1940, <input type="checkbox"/> Blind. } checked ▶ 38a				
Standard Deduction for— <ul style="list-style-type: none"> • People who checked any box on line 38a or 38b or who can be claimed as a dependent, see page 31. • All others: <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <ul style="list-style-type: none"> Single or Married filing separately, \$4,850 Married filing jointly or Qualifying widow(er), \$9,700 Head of household, \$7,150 </div>	b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 31 and check here ▶ 38b <input type="checkbox"/>				
	39	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		39		
	40	Subtract line 39 from line 37		40		
	41	If line 37 is \$107,025 or less, multiply \$3,100 by the total number of exemptions claimed on line 6d. If line 37 is over \$107,025, see the worksheet on page 33		41		
	42	Taxable income. Subtract line 41 from line 40. If line 41 is more than line 40, enter -0-		42		
	43	Tax (see page 33). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972		43		
	44	Alternative minimum tax (see page 35). Attach Form 6251		44		
	45	Add lines 43 and 44 ▶		45		
	46	Foreign tax credit. Attach Form 1116 if required	46			
	47	Credit for child and dependent care expenses. Attach Form 2441	47			
48	Credit for the elderly or the disabled. Attach Schedule R	48				
49	Education credits. Attach Form 8863	49				
50	Retirement savings contributions credit. Attach Form 8880	50				
51	Child tax credit (see page 37)	51				
52	Adoption credit. Attach Form 8839	52				
53	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859	53				
54	Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Specify _____	54				
55	Add lines 46 through 54. These are your total credits		55			
56	Subtract line 55 from line 45. If line 55 is more than line 45, enter -0- ▶		56			

An Individual's deduction for personal exemptions is the sum of the personal exemption amount for the individual, a spouse, and each qualified dependant.

The Amount is \$3100 for 2004 per Person/Dependent.

- Support Test:** More than 50% of the expenses of the dependant.
- Citizenship Test:** Must be an US/Canada/Mexico citizen.
- Gross Income Test :** Dependand should be less than 19 yrs. and income < \$3100.
- Joint Return Test:** If the dependent is filing jointly with another, you can't claim him as a dependand unless the joint filers had no tax liability.
- Relationship or Member of Household Test :** A person qualifying as your dependent generally may be your child, step-child, adopted child, grand child, etc.

Tax Credit

Form 1040 – An Insight

There are two types of Tax Credits applicable to the individual taxpayers. They are as follows:

Personal Tax Credit	Refundable Tax Credit
It may reduce personal tax liability.	Deducted from Income tax liability
May not result in a cash refund.	May result in cash refunds if credit exceeds tax liability owed.


Other Taxes	57	Self-employment tax. Attach Schedule SE	57		
	58	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	58		
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59		
	60	Advance earned income credit payments from Form(s) W-2	60		
	61	Household employment taxes. Attach Schedule H	61		
	62	Add lines 56 through 61. This is your total tax ▶	62		
Payments	63	Federal income tax withheld from Forms W-2 and 1099	63		
	64	2004 estimated tax payments and amount applied from 2003 return	64		
	65a	Earned income credit (EIC)	65a		
		b Nontaxable combat pay election ▶ 65b			
	66	Excess social security and tier 1 RRTA tax withheld (see page 54)	66		
	67	Additional child tax credit. Attach Form 8812	67		
	68	Amount paid with request for extension to file (see page 54)	68		
	69	Other payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	69		
	70	Add lines 63, 64, 65a, and 66 through 69. These are your total payments ▶	70		
Refund	71	If line 70 is more than line 62, subtract line 62 from line 70. This is the amount you overpaid	71		
	72a	Amount of line 71 you want refunded to you ▶	72a		
	▶ b	Routing number <input type="text"/>	▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
		▶ d Account number <input type="text"/>			
73	Amount of line 71 you want applied to your 2005 estimated tax ▶	73			
Amount You Owe	74	Amount you owe. Subtract line 70 from line 62. For details on how to pay, see page 55 ▶	74		
	75	Estimated tax penalty (see page 55)	75		

If you have a qualifying child, attach Schedule EIC.





Other Related And Important Forms & Schedules



Other Important Forms & Schedules

FORMS

1) Form W-2

Salary, Wages and Tip Income.

2) Form 1099-INT

Income.

3) Form 1099-DIV

Dividend Income.

4) Form 1099 –R

Distributions From Pensions,
Annuities, Retirement

SCHEDULES

1) Schedule A

Itemized Deduction

2) Schedule B

Interest and ordinary Dividends

3) Schedule C

Profit and loss from business.

4) Schedule EIC

Earned Income credit.

Wage & Tax Statement

Form W-2

a Control number		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
b Employer identification number			1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld		
			5 Medicare wages and tips		6 Medicare tax withheld		
			7 Social security tips		8 Allocated tips		
d Employee's social security number			9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial Last name			11 Nonqualified plans		12a See instructions for box 12		
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b		
			14 Other		12c		
					12d		
f Employee's address and ZIP code							
15 State Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax Statement
 Copy C For EMPLOYEE'S RECORDS. (See Notice to Employee on back of Copy B).

2003

Department of the Treasury—Internal Revenue Service

Safe, accurate, FAST! Use



Distributions From Pensions, Annuities, Retirement

Form 1099 - R

9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		2003 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution	Total distribution <input type="checkbox"/>			
		2a Taxable amount				
PAYER'S Federal identification number		RECIPIENT'S identification number		3 Capital gain (included in box 2a)	4 Federal income tax withheld	
RECIPIENT'S name		5 Employee contributions or insurance premiums	6 Net unrealized appreciation in employer's securities		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2003 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
Street address (including apt. no.)		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other		
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions \$			
Account number (optional)		10 State tax withheld	11 State/Payer's state no.		12 State distribution	
		13 Local tax withheld	14 Name of locality		15 Local distribution	

Form **1099-R**

Cat. No. 14436Q

Department of the Treasury - Internal Revenue Service

Dividends And Distributions

Form 1099 - DIV

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Total ordinary dividends	OMB No. 1545-0110	2004	Dividends and Distributions
		\$	Form 1099-DIV		
		1b Qualified dividends			
		\$			
		2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain		Copy A For Internal Revenue Service Center
		\$	\$		
PAYER'S Federal identification number	RECIPIENT'S identification number				File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2004 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		2c Section 1202 gain	2d Collectibles (28%) gain		
Street address (including apt. no.)		\$	\$		
		3 Nontaxable distributions	4 Federal income tax withheld		
City, state, and ZIP code		\$	\$		
Account number (optional)		5 Investment expenses			
2nd TIN not.		\$	\$		
		<input type="checkbox"/>	6 Foreign tax paid	7 Foreign country or U.S. possession	
		\$	\$		
		8 Cash liquidation distributions	9 Noncash liquidation distributions		
		\$	\$		

Form **1099-DIV**

Cat. No. 14415N

Department of the Treasury - Internal Revenue Service

Interest Income

Form 1099 - INT

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	2004 Form 1099-INT	Interest Income
PAYER'S Federal identification number		RECIPIENT'S identification number	1 Interest income not included in box 3 \$		
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2004 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Investment expenses \$		
City, state, and ZIP code		6 Foreign tax paid \$	7 Foreign country or U.S. possession		
Account number (optional)	2nd TIN not. <input type="checkbox"/>				
Form 1099-INT		Cat. No. 14410K	Department of the Treasury - Internal Revenue Service		



Profit or Loss from Business

Schedule C

SCHEDULE C (Form 1040) <small>Department of the Treasury Internal Revenue Service (99)</small>	Profit or Loss From Business (Sole Proprietorship) ▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B. ▶ Attach to Form 1040 or 1041. ▶ See Instructions for Schedule C (Form 1040).	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2003</div> Attachment Sequence No. 09	
Name of proprietor _____		Social security number (SSN) _____	
A Principal business or profession, including product or service (see page C-2 of the instructions)		B Enter code from pages C-7, 8, & 9 ▶ _____	
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), if any _____	
E Business address (including suite or room no.) ▶ _____ City, town or post office, state, and ZIP code			
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ _____			
G Did you "materially participate" in the operation of this business during 2003? If "No," see page C-3 for limit on losses . <input type="checkbox"/> Yes <input type="checkbox"/> No			
H If you started or acquired this business during 2003, check here <input type="checkbox"/>			
Part I Income			
1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/>	1		
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3		
4 Cost of goods sold (from line 42 on page 2)	4		
5 Gross profit. Subtract line 4 from line 3	5		
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)	6		
7 Gross income. Add lines 5 and 6 ▶	7		
Part II Expenses. Enter expenses for business use of your home only on line 30.			
8 Advertising	8		
9 Car and truck expenses (see page C-3)	9		
19 Pension and profit-sharing plans	19		
20 Rent or lease (see page C-5):	20		
a Vehicles, machinery, and equipment	20a		





**US Taxation & Opportunities
To
Indian Chartered Accountants**



Advantage India

- ❖ Turn Around Time
- ❖ Intellectual Capital Rich
- ❖ Low Costs of operation
- ❖ Lower Attrition Rate
- ❖ Telecom & Infrastructure



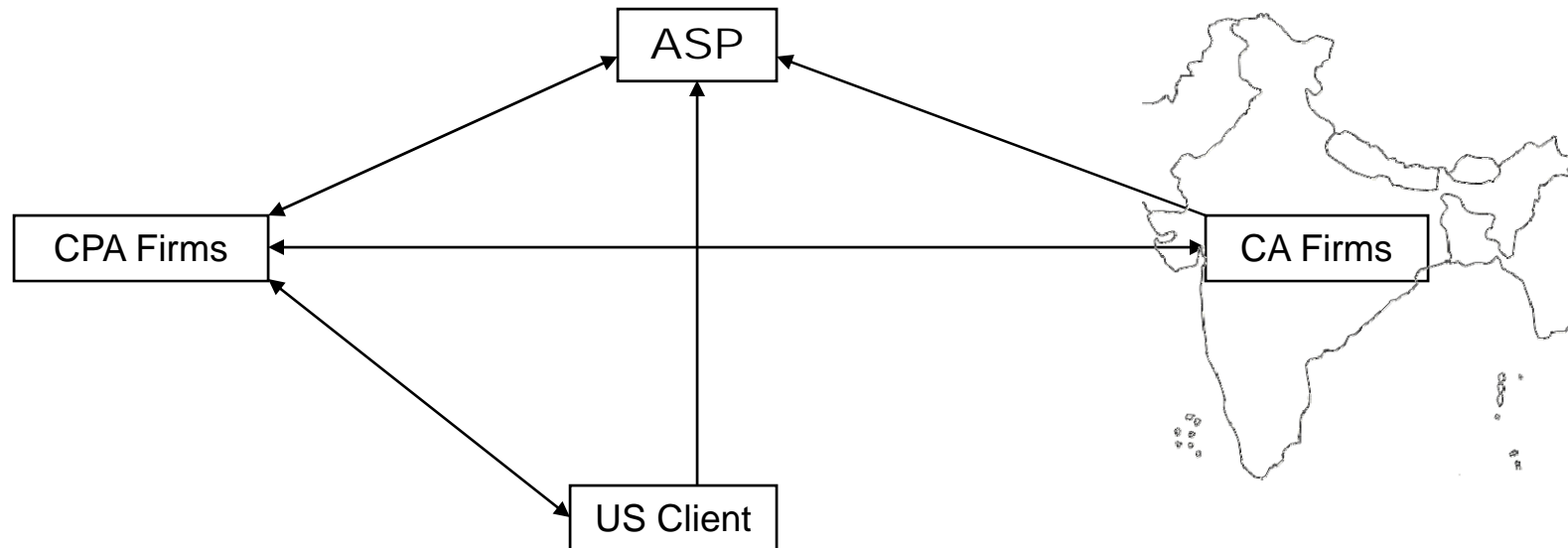
Today's Mantra

“Come to India –The Back-Office Partner of the World.”



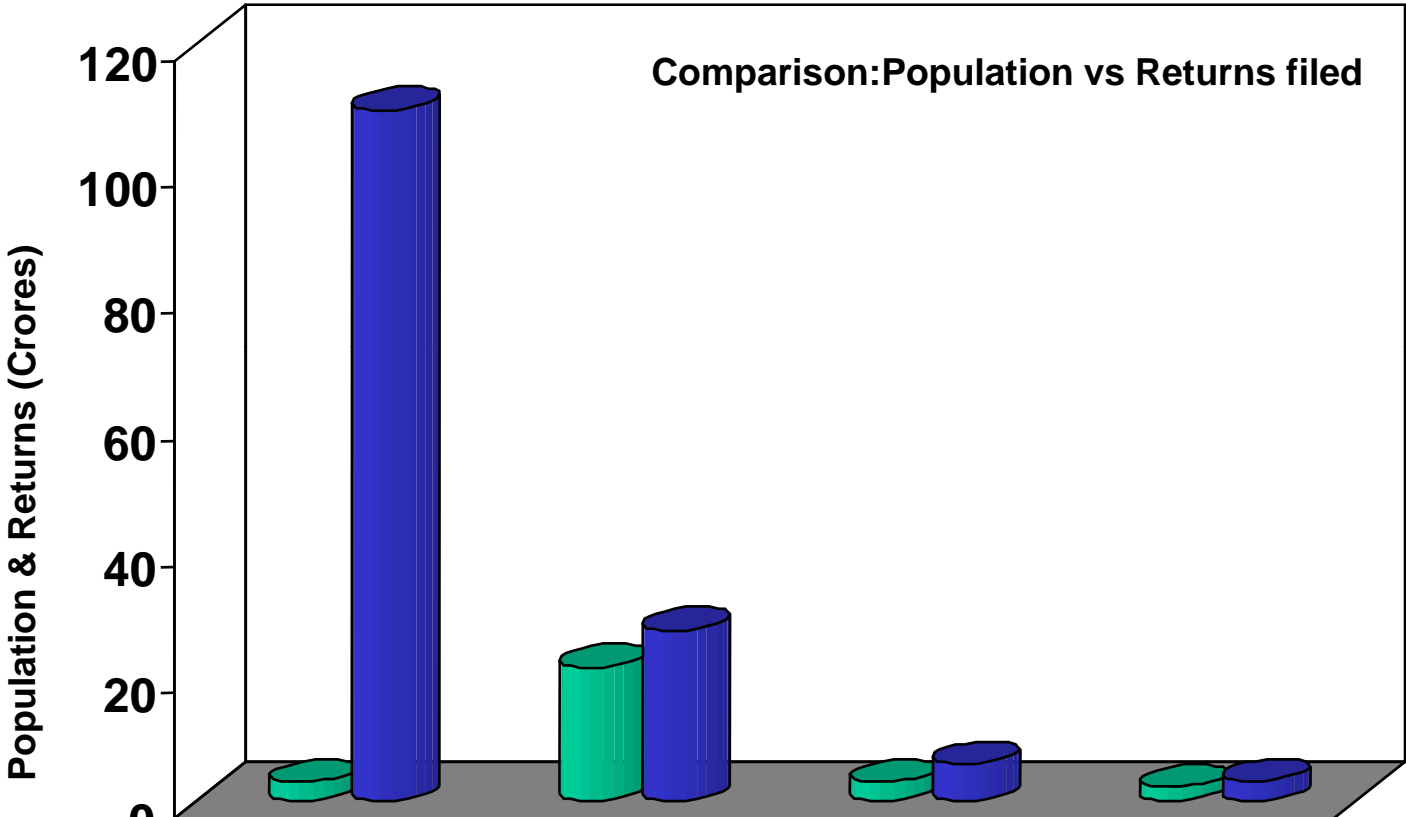
Huge Opportunity for Indian CA

WE ARE HARNESSING THE SAME POWER OF eTaxation, whereby, the client and the CPA firms are located in United States and we do back-end accounting for the CPA firm's clients online.

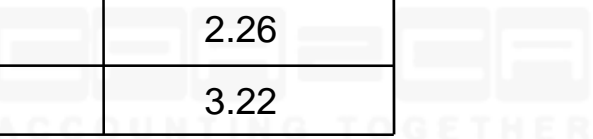


CA = CA
ACCOUNTING TOGETHER

Huge Opportunity for Indian CA

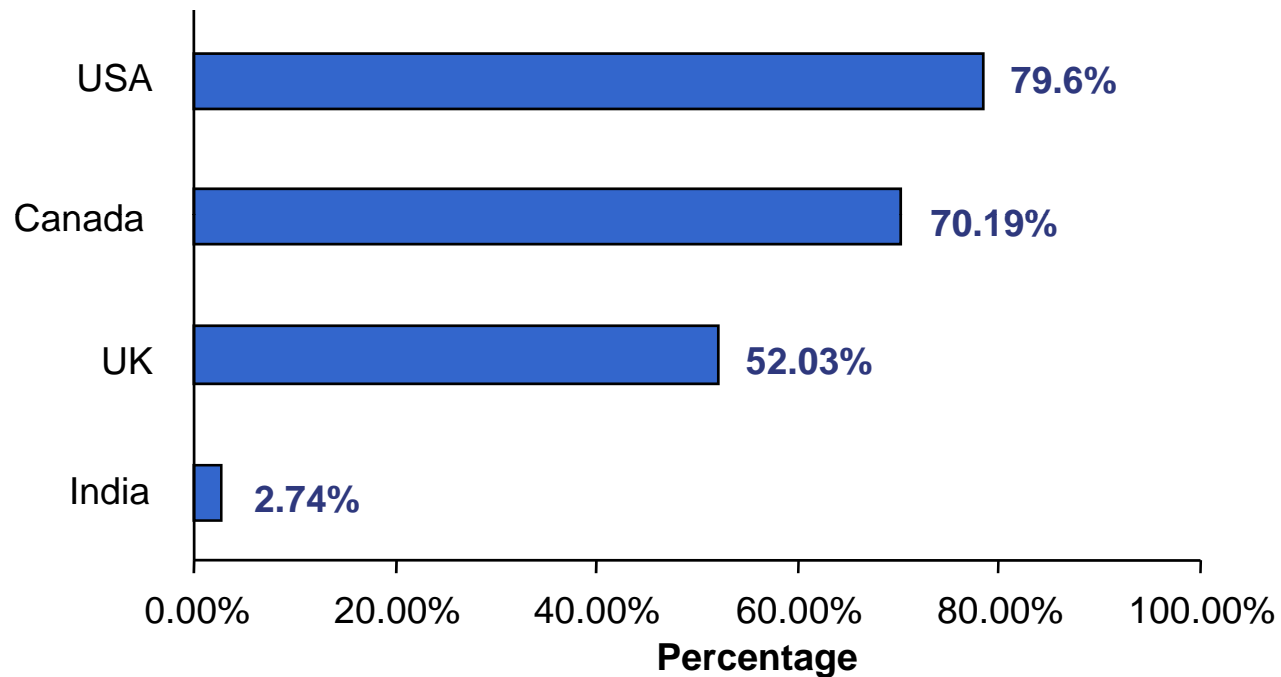


	India	USA	UK	Canada
Returns	3	21.60	3.07	2.26
Population	109.67	27.13	5.9	3.22



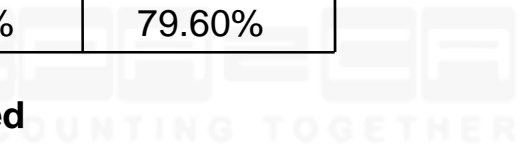
Huge Opportunity for Indian CA

Percentage of returns filed show a healthy trend in USA, Canada & UK. Till today, our clientele meant a bleak 2.74%, where we can actually cater to a much larger global clientele.



	India	UK	Canada	USA
■ % of Returns Filed	2.74%	52.03%	70.19%	79.60%

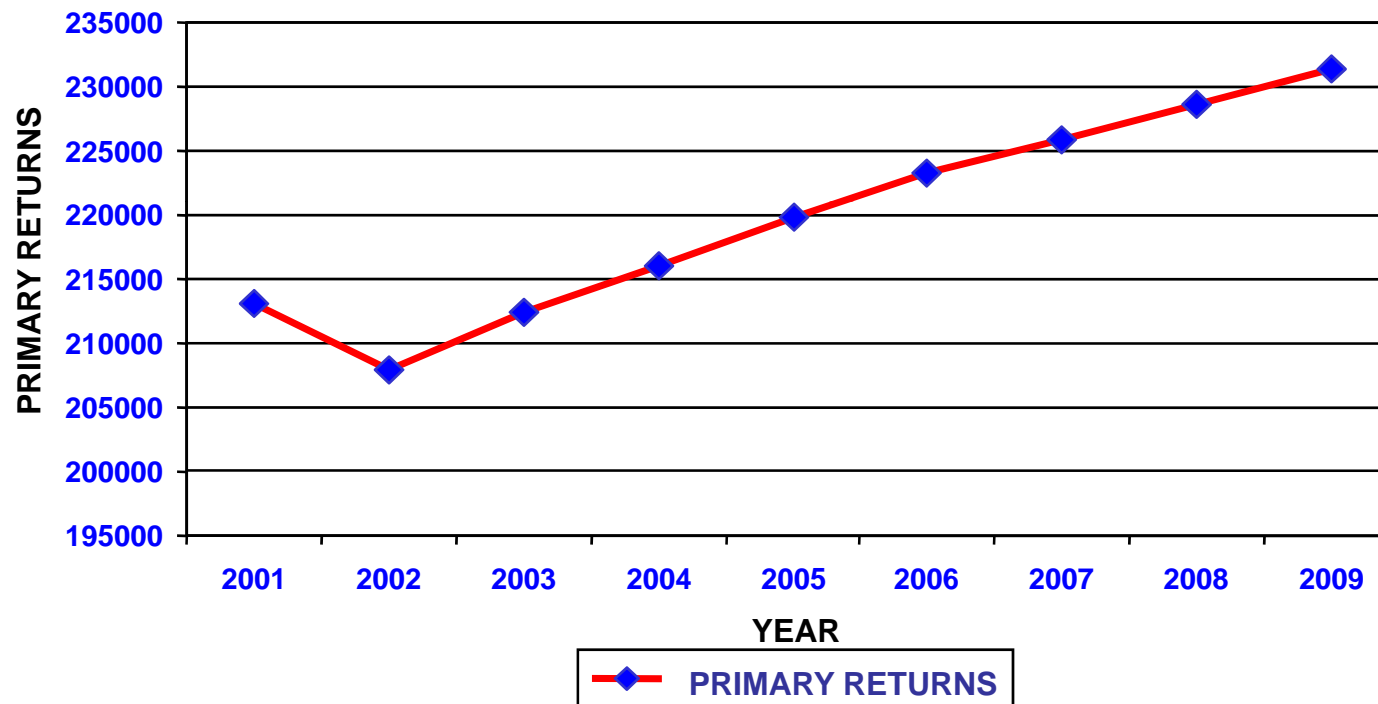
Percentage of Primary Returns Filed



Huge Opportunity for Indian CA

The IRS projection of Primary Returns show a marked increase.

TOTAL PRIMARY RETURNS: PROJECTION IN USA



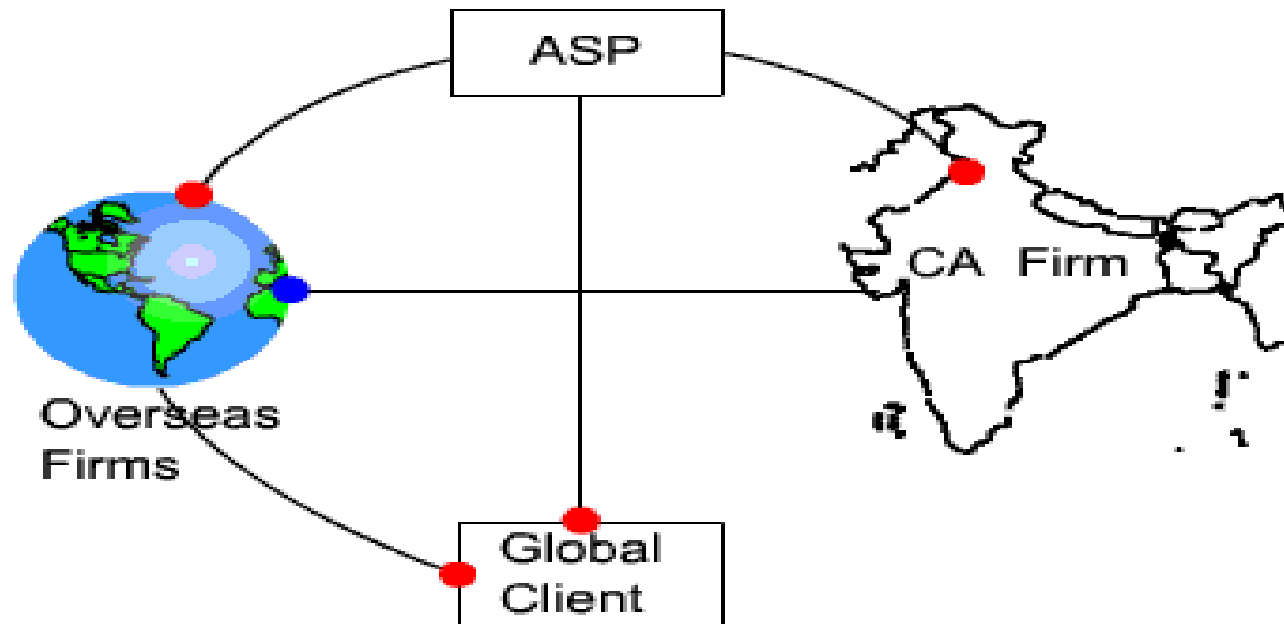
YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Primary Returns	213071	207889	212471	216054	219879	223291	225932	228638	231400



E-Taxation

Process & Work Modalities

How can a CA practice Globally ?




Indian Accountants – The Desktop Accountant of the World !!




How We Can Execute ?

Data Upload



FileShare™

- Home Directory
- Address Book
- Help
- Personal Settings
- Logoff
- Admin Management
 - » Users
 - » Groups
 - » Group Members
 - » Domain Statistics

DOWNLOAD 


UPLOAD FILES

Upload File(s) to --- \QBDATA_ABC\Financial Statements

Click the **BROWSE** button to select file(s) and click **UPLOAD** when ready:

File #1:	<input type="text" value="C:\0 The BDN\2 Dan Gc"/>	<input type="button" value="Browse..."/>
File #2:	<input type="text"/>	<input type="button" value="Browse..."/>
File #3:	<input type="text"/>	<input type="button" value="Browse..."/>
File #4:	<input type="text"/>	<input type="button" value="Browse..."/>
File #5:	<input type="text"/>	<input type="button" value="Browse..."/>
File #6:	<input type="text"/>	<input type="button" value="Browse..."/>
File #7:	<input type="text"/>	<input type="button" value="Browse..."/>
File #8:	<input type="text"/>	<input type="button" value="Browse..."/>
File #9:	<input type="text"/>	<input type="button" value="Browse..."/>

PLEASE NOTE: Performing other actions in this window will cause the data transfer to abort. If you wish to perform other tasks online or within your storage account, please open a new browser window.



FileShare™

LOGIN _____

USERNAME :

PASSWORD :

DOMAIN :

Standard | Secure





How We Can Execute ?

Data Download

The screenshot shows the @FileShare website interface. The main heading is "@FileShare™". Below it, there is a "DOWNLOAD FILE" section. A table lists a file for download:

	Name
download	P_ILDec2

Below the table, there is a section titled "How it works:" with two bullet points:

- A user uploads
- The subscribers' email recipients' email that is similar to

Overlaid on the website is a "File Download" dialog box. The dialog box contains the following text:

You have chosen to download a file from this location.
setup.exe from www.smartftp.com

What would you like to do with this file?

- Run this program from its current location
- Save this program to disk

Always ask before opening this type of file

At the bottom of the dialog box are three buttons: "OK", "Cancel", and "More Info".



How We Can Execute ?

Data Storage

The screenshot displays the eFileShare web interface on the left and a Windows Explorer window on the right. The web interface shows the user 'Rob Duckwall' with a 'Current SwapDrive: rduckwall' and a storage usage bar (35.68MB USED, 14.32MB FREE). A table lists files in the current directory, including folders like 'rduckwall' and 'backup', and files like 'fla.exe', 'grAHA.dwf', 'Plans_B.dwf', 'slides.ppt', and 'finalsee.sit'. The Windows Explorer window shows the 'backup' folder containing various files and folders, including 'adentine_base', 'backup', 'brand_logo', 'os icon2', 'temp', 'compress', 'config', 'encrypt', 'face', 'face.jpg', 'face1', and 'fm'. Two blue arrows point from the 'backup' folder in the Explorer to the 'backup' folder in the web interface table.

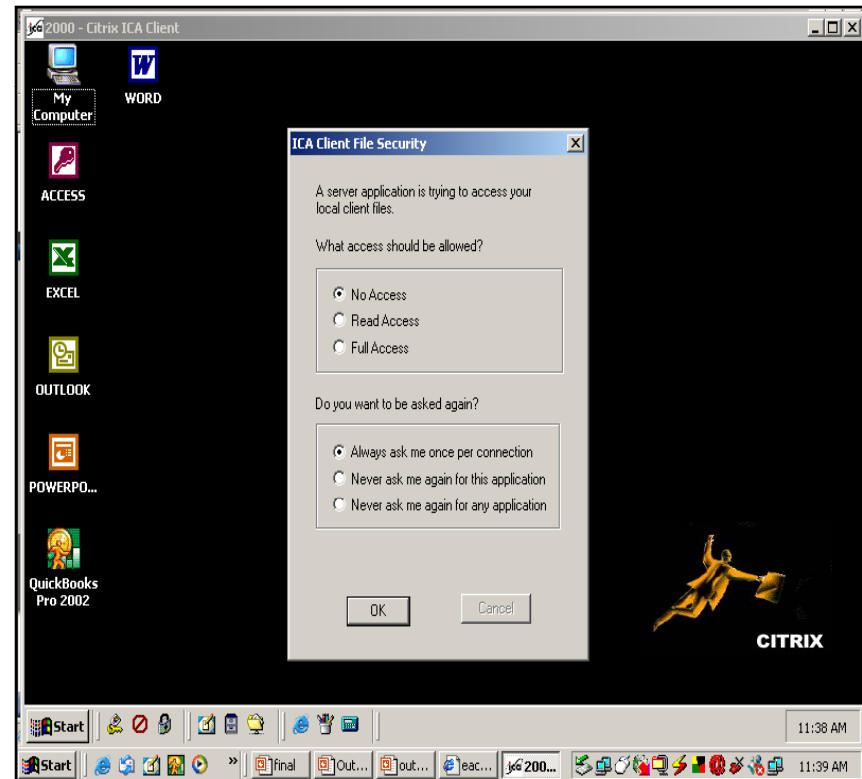
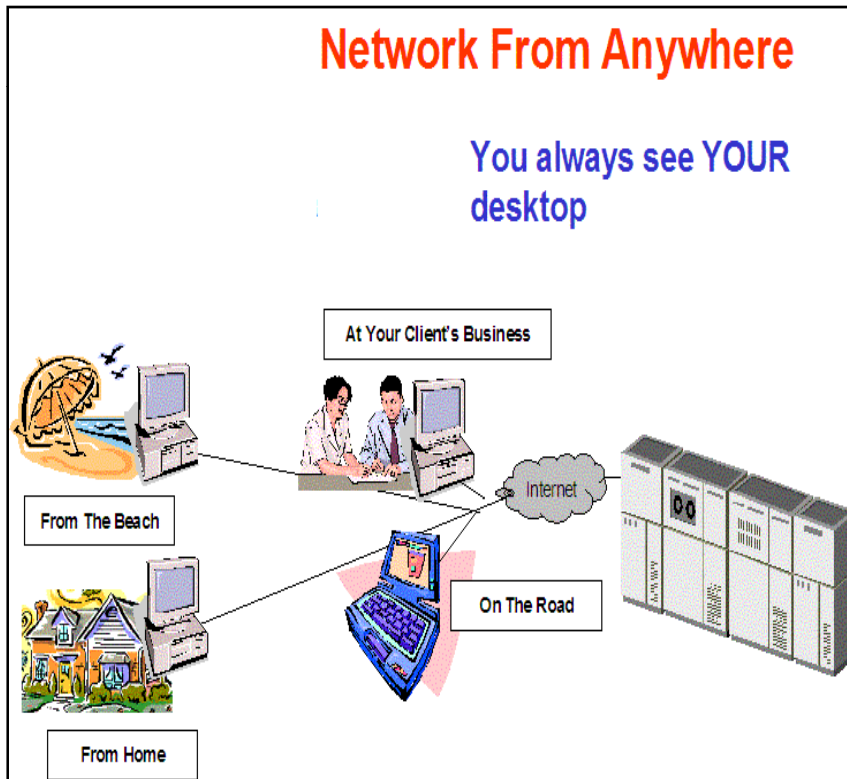
NAME	SIZE	TYPE
rduckwall		File Folder
backup		File Folder
fla.exe	145007	Application
grAHA.dwf	69393	DWF File
Plans_B.dwf	19456	DWF File
slides.ppt	352250	Powerpoint Show,7
finalsee.sit	690218	SIT File

eFileShare enables users to store and share files securely, quickly and simultaneously through the web, eliminating the risks & delays related to email attachments or traditional shipment methods.

Virtual Desktops

Work Platforms

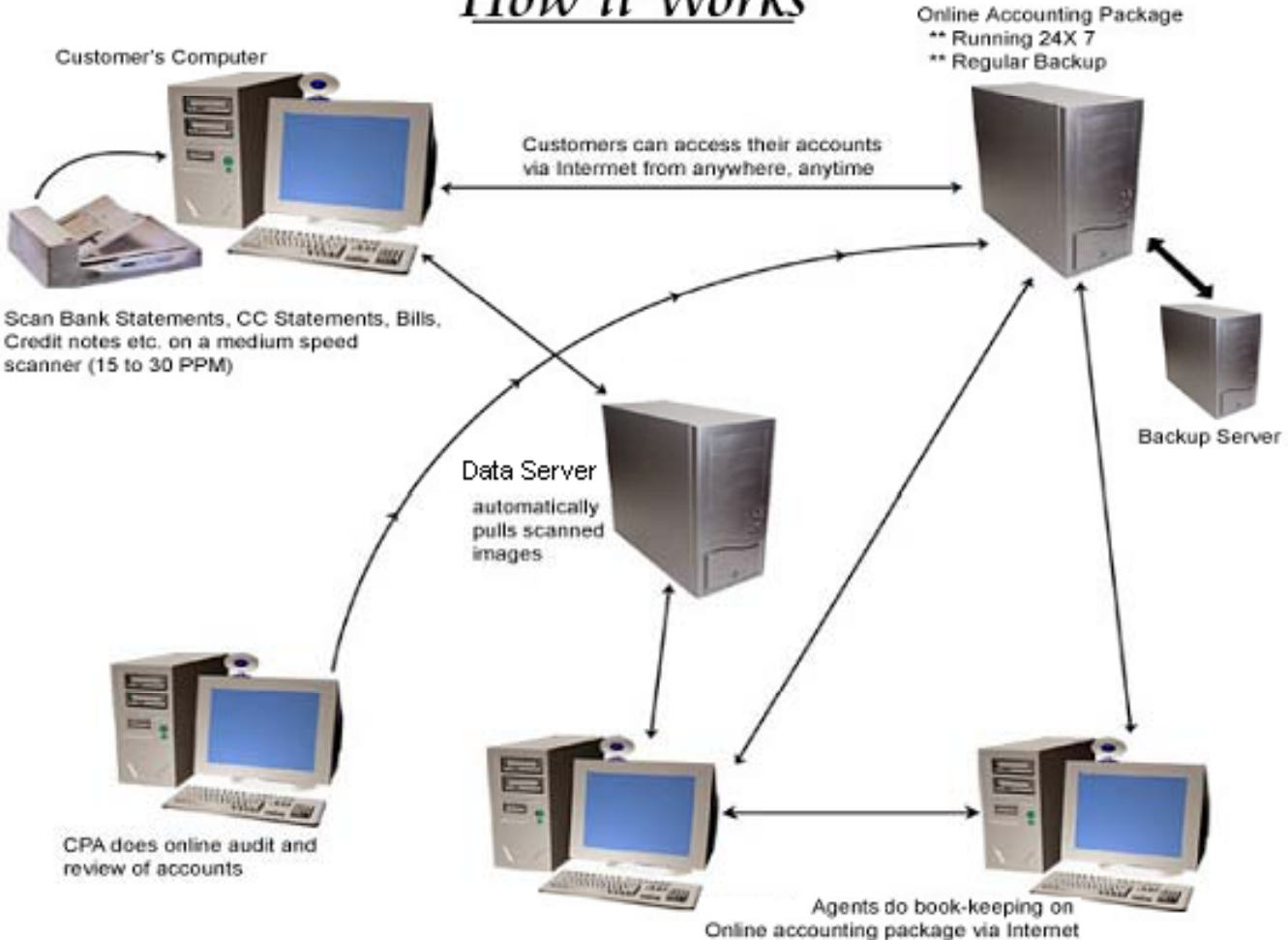
Virtual Desktops help everyone work on the same system, the same platform, the same version of the software application. And the entire data is secure, backed up automatically, and kept current in real time





Work Platforms

How it Works



E-Taxation: The Transition Process

Client faxes docs (W-2, 1099 etc) to our toll free fax number.

The fax comes as an email to us.

We view the fax and send quote to the client.

Standard quote is attached.

The return is then faxed / emailed to the client.

The email (recd earlier) is forwarded to our tax processor to complete the return.

On confirmation, his card is charged from the payment gateway

ACCOUNTING TOGETHER



E-Taxation: The Transition Process

Client Services Group (CSG) will
provide toll free tax number



ACCOUNTING TOGETHER

STEP # 1

E-Taxation: The Process

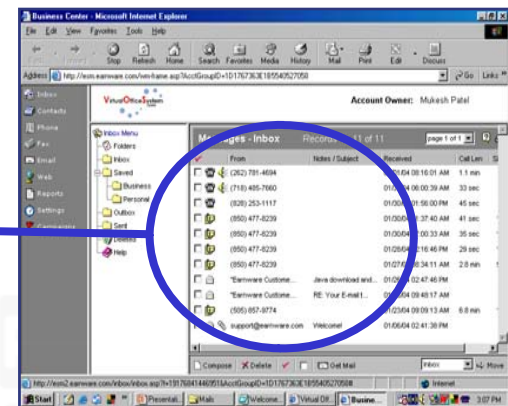
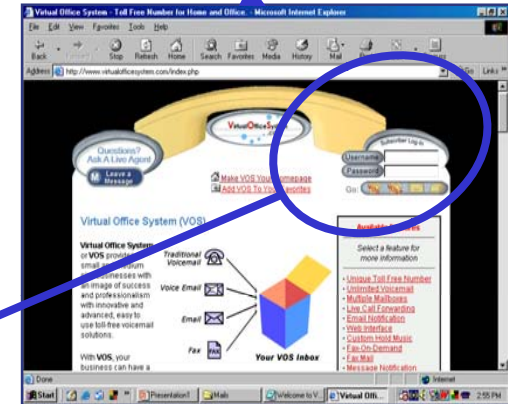
Information received as E-Mail

We log in using our User ID and Password.

Information received as E-Mails.



Client simply Faxes, Calls or E-Mails the details.



STEP # 2

E-Taxation: The Process

Details viewed / checked and a quotation is created.

Voicemail - Microsoft Internet Explorer

Voicemail

Save Notes Fwd Delete Close << Prev Next >>

To (877) 578-4939

From (718) 485-7660 [Add to Contacts](#)

Date 1/31/2004 6:00:28 AM

Call Length 33 sec

Msg Length 9 sec [Play message](#) [Call Detail](#)

Notes

Information Attached as Phone Call.

Fax - Microsoft Internet Explorer

Fax Notes

Save Notes Fwd Delete Close << Prev Next >>

To (877) 578-4939

From (850) 477-0209 [Add to Contacts](#)

Date 2/2/2004 8:34:48 AM

Call Length 34 sec

Msg Length 1 Page [Play message](#)

Notes

Information Attached as Fax Document.

Voice attachment.

Fax attachment.

BUILDERS KITCHENS INC.

QUOTATION DATE: 8/25/01

DATE _____ REF:PRO FORMA INVOICE NO. _____

COMMODITY _____ EXPECTED SHIP DATE _____

CUSTOMER _____ PACKED DIMENSIONS _____

COUNTRY _____ PACKED WEIGHT _____

PAYMENT TERMS _____ PACKED CUBE _____

PRODUCTS TO BE SHIPPED FROM _____ TO _____

SELLING PRICE OF GOODS: \$ _____

SPECIAL EXPORT PACKING:

\$ _____ quoted by _____

\$ _____ quoted by _____

\$ _____ quoted by _____

INLAND FREIGHT:

\$ _____ quoted by _____

\$ _____ quoted by _____

\$ _____ quoted by _____

Inland freight includes the following charges:

unloading pier delivery terminal

OCEAN FREIGHT

\$ _____ quoted by _____ tariff item _____

\$ _____ # _____

\$ _____ # _____

\$ _____ # _____

AIR FREIGHT

\$ _____ quoted by _____ spec code _____

\$ _____ # _____

\$ _____ # _____

\$ _____ # _____

Ocean freight includes the following surcharges:

Port congestion Heavy lift

Currency adjustment Bunker

Container rental Wharfage

Air freight includes the following surcharges:

Fuel adjustment

Container stuffing

INSURANCE Includes war risk rate: _____ per \$100 or \$ _____

INSURANCE Includes war risk rate: _____ per \$100 or \$ _____

TOTAL OCEAN CHARGES \$ _____

TOTAL AIR CHARGES \$ _____

FORWARDING FEES: \$ _____

Includes: Courier Fees Certification Fees Banking Fees

CONSULAR LEGALIZATION FEES: \$ _____

INSPECTION FEES: \$ _____

DIRECT BANK CHARGES: \$ _____

OTHER CHARGES: \$ _____

TOTAL: FOB C & F

FAS CIF \$ _____

Form No. 10-000 Printed and Sold by ENRICH 700 Central Ave., New Providence, NJ 07093 • (201) 631-3000

ACCOUNTING TOGETHER



STEP # 3

E-Taxation: The Process

Quotation sent to the Client via Fax, Phone or E-mail.



BUILDER'S KITCHENS INC.		QUOTATION		DATE:	8/25/01
DATE	REF/PRO FORM INVOICE NO.				
COMMODITY	EXPECTED SHIP DATE				
CUSTOMER	PACKED DIMENSIONS				
COUNTRY	PACKED WEIGHT				
PAYMENT TERMS	PACKED CUBE				
PRODUCTS TO BE SHIPPED FROM _____ TO _____					
SELLING PRICE OF GOODS:		\$ _____			
SPECIAL EXPORT PACKING:					
\$ _____	quoted by _____				
\$ _____	quoted by _____				
\$ _____	quoted by _____				
INLAND FREIGHT:					
\$ _____	quoted by _____				
\$ _____	quoted by _____				
\$ _____	quoted by _____				
Inland freight includes the following charges:					
<input type="checkbox"/> unloading <input type="checkbox"/> pier delivery <input type="checkbox"/> terminal <input type="checkbox"/>					
OCEAN FREIGHT		AIR FREIGHT			
\$ _____	quoted by _____ tariff item _____	\$ _____	quoted by _____	spec code _____	
\$ _____	quoted by _____	\$ _____	quoted by _____	spec code _____	
\$ _____	quoted by _____	\$ _____	quoted by _____	spec code _____	
Ocean freight includes the following surcharges:					
<input type="checkbox"/> Port congestion <input type="checkbox"/> Heavy lift <input type="checkbox"/> Fuel adjustment					
<input type="checkbox"/> Currency adjustment <input type="checkbox"/> Bunker <input type="checkbox"/> Container stuffing					
<input type="checkbox"/> Container rental <input type="checkbox"/> Wharfage					
Air freight includes the following surcharges:					
<input type="checkbox"/> Insurance <input type="checkbox"/> Includes war risk rate: _____ per \$100 or \$ _____					
TOTAL OCEAN CHARGES \$ _____		TOTAL AIR CHARGES \$ _____			
notes: _____					
FORWARDING FEES: _____					
Includes: Couner Fees Certification Fees Banking Fees _____					
CONSULAR LEGALIZATION FEES: _____					
INSPECTION FEES: _____					
DIRECT BANK CHARGES: _____					
OTHER CHARGES: _____					
TOTAL: <input type="checkbox"/> FOB <input type="checkbox"/> C & F <input type="checkbox"/> FAS <input type="checkbox"/> CIF _____					

Wait for the quotation to get approved by the client.



STEP # 4

E-Taxation: The Process

BUILDER'S KITCHENS INC. QUOTATION DATE: 8/25/01

DATE: _____ REF-PRO FORMA INVOICE NO. _____
COMMODITY: _____ EXPECTED SHIP DATE: _____
CUSTOMER: _____ PACKED DIMENSIONS: _____
COUNTRY: _____ PACKED WEIGHT: _____
PAYMENT TERMS: _____ PACKED CUBS: _____

PRODUCTS TO BE SHIPPED FROM _____ TO _____

SELLING PRICE OF GOODS: \$ _____

SPECIAL EXPORT PACKING:
\$ _____ quoted by _____
\$ _____ quoted by _____
\$ _____ quoted by _____

INLAND FREIGHT:
\$ _____ quoted by _____
\$ _____ quoted by _____
\$ _____ quoted by _____

Inland freight includes the following charges:
 unloading pier delivery terminal

OCEAN FREIGHT: _____ AIR FREIGHT: _____
\$ _____ quoted by _____ tariff item \$ _____ quoted by _____ spec code
\$ _____ # _____ \$ _____ # _____
\$ _____ # _____ \$ _____ # _____

Ocean freight includes the following surcharges:
 Port congestion Heavy lift Fuel adjustment
 Currency adjustment Bunker Container stuffing
 Container rental Wharfage

Air freight includes the following surcharges:
 Insurance Includes war risk rate: _____ per \$100 or \$ _____
 Includes war risk rate: _____ per \$100 or \$ _____

FORWARDING FEES:
Includes: Courier Fees Certification Fees Banking Fees

CONSULAR LEGALIZATION FEES:

INSPECTION FEES:

DIRECT BANK CHARGES:

OTHER CHARGES: _____

TOTAL: FOB _____ C & F _____
 FAS _____ CIF _____

Form No. 10-088 Printed and Sold by LINKPOINT 700 Central Ave. New Providence, NJ 07093-1000 800-300-3888



Quotation gets approved, information regarding the clients credit card acquired & charged through his card at payment gateway



Client checks quotation.

Microsoft Internet Explorer

Address: <https://www.linkpointcentral.com>

LOGIN

User Information
(If your StoreNumber and UserID are the same, you may leave UserID blank.)

Enter your StoreNumber: _____
Enter your UserID: _____

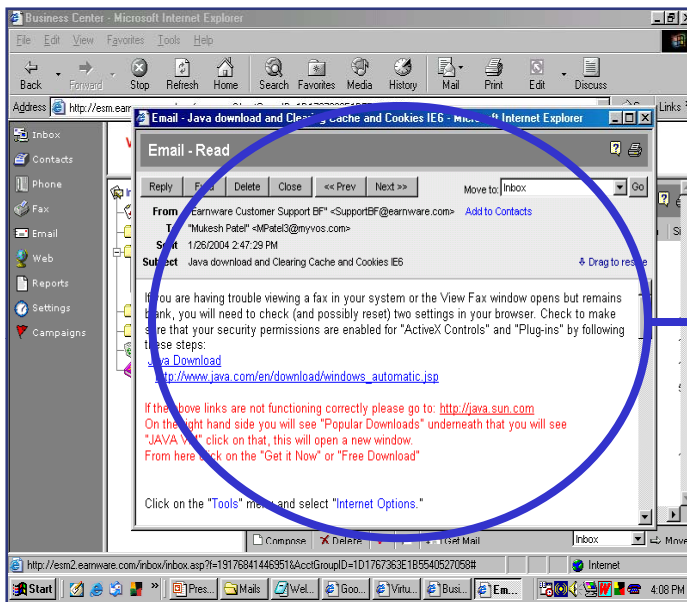
Password
Enter your Password: _____

©2001-2003 LinkPoint International, Inc. All rights reserved.

Done Internet 3:41 PM

STEP # 5

E-Taxation: The Process



E-Mail containing details of the assignment received earlier forwarded to the DAP to be processed.



Returns processed and soft copy sent back to us for quality control.



STEP # 6

E-Taxation: The Process

Return faxed or E-mailed to the client.



ACCOUNTING TOGETHER



Overseas Firm Concerns

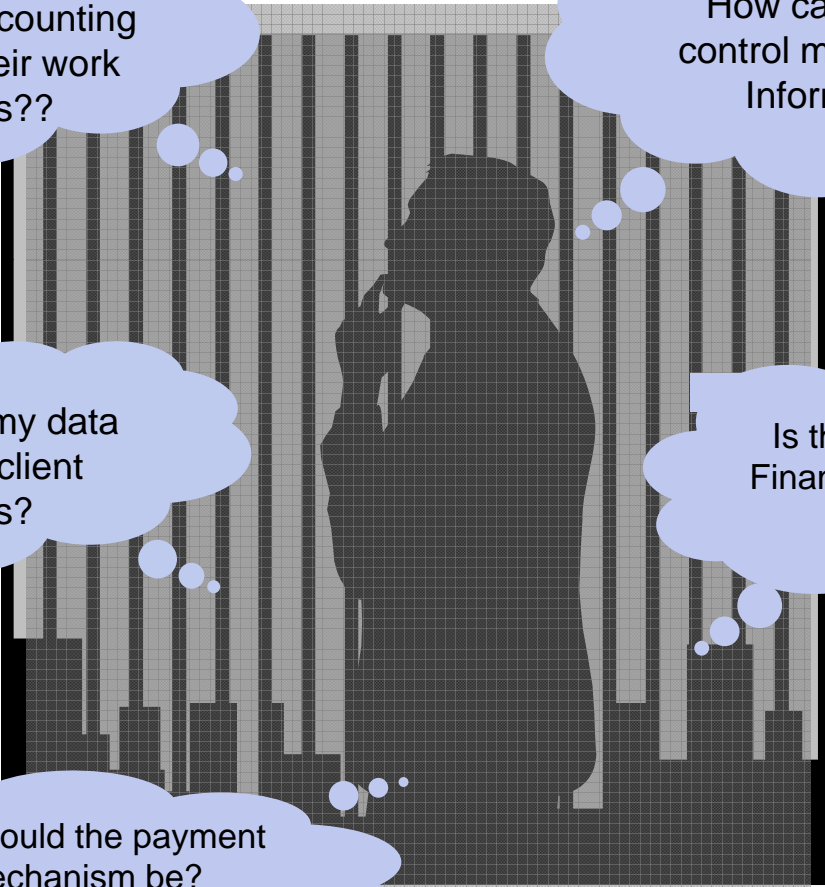
Who would handle my client's accounting data...their work ethics??


How can I view & control my Financial Information?

What about my data security & client interests?

Is that going to affect my Financial Decision making?

How would the payment mechanism be?





Tax Software: An Interface

Popular Applications

- ❖ Turbotax www.turbotax.com
- ❖ ProSeries www.proseries.com
- ❖ LaCerte www.lacertesoftware.com
- ❖ TaxAct www.taxact.com

Tax Software: An Interface

TAXACT

2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: Name and Address Federal Refund \$0.00

Background Information - Name and Initial

Please enter your complete name and initial below.

First Name:

Middle Initial:

Last Name:

As you enter your information the appropriate forms will be completed automatically. After completing the QnA, you will have the opportunity to review the completed return. When you are finished, click the **Continue** button to advance to the next question.

Details
Form Instructions
J.K. Lasser Expert Tax Help
Back
Continue

2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: Name and Address Federal Refund \$0.00

Form Form Instructions J.K. Lasser Expert Tax Help History

FORM Department of the Treasury - Internal Revenue Service

1040 U.S. Individual Income Tax Return 2003

Label For the year Jan. 1-Dec. 31, 2003, or other tax year beginning _____, 2003, ending _____, 20 [OMB 1545-0074]

Your first name and initial Last name Your social security number

Spouse's first name and initial Last name Spouse social security number

Home address (number and street) Apt. no. Foreign country

City, town, foreign city, province and postal code State ZIP Code

You Spouse
Yes No N/A Yes No N/A

Presidential Election Campaign Note: Checking 'Yes' will not change your tax or reduce your refund. Do you, or your spouse if filing joint return, want \$3 to go to this fund?

Filing Status

1 Single

2 Married filing joint return (even if only one had income)

3 Married filing separate return. Enter SSN above and full name below.
First Name Initial Last Name

4 Check here if you lived apart from your spouse for all of 2003

5 Head of household (with qualifying person)
If the qualifying person is a child but not your dependent enter this child's:
First name Last name

Also enter the child's SSN

Qualifying widow(er) with dependent child

2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: Filing Status Federal Refund \$0.00

Background Information - Filing Status

Select your appropriate filing status, if it has not already been selected for you.

Single

Married filing joint

Married filing separately

Head of Household

Qualifying Widow(er)

Details
Form Instructions
J.K. Lasser Expert Tax Help
Back
Continue

All information are transferred to a virtual form as you proceed.

Information entered directly effects both the windows.

ACCORDING TOGETHER

Tax Software: An Interface

PROSERIES

Form type setup

Navigators

Quick Zoom takes to the information worksheet of the item

Easy explanations

The screenshot shows the ProSeries 2003 tax software interface. The title bar reads "ProSeries - 2003 - [Form 1040: Individual Tax Return]". The menu bar includes File, Edit, View, Forms, Import, Tools, HomeBase, Information, Window, and Help. The toolbar contains various icons for file operations and tax-specific functions. The main window displays the "Form 1040 U.S. Individual Income Tax Return 2003" form. The form includes fields for "For the year January 1 - December 31, 2003, or other tax year beginning [] 2003, ending [], 20 []", "Your First Name MI Last Name Your Social Security No.", "If Joint Return, Spouse's First Name MI Last Name Spouse's Social Security No.", "Home Address (No. and Street). If You Have a P.O. Box, See Instructions. Apt. No.", "City, Town or Post Office. If You Have a Foreign Address, See Instructions. State ZIP Code", and a "QuickZoom to explanation statement for overseas extension" section with an "Explain" button. A search bar is located in the top right corner. A sidebar on the left lists various tax forms and worksheets, including "Form 1040 Info Wks", "Client Status W-2 Wks", "W-2G Wks", "1099-MISC", and "1099-G Wks".



Thank You