

The Taxman Cometh...A Quick Checklist for Translators

Proper Preparation Prevents Poor Performance!

- Separate your personal and professional accounts and expenses.
- Keep all necessary receipts and bills and keep track of your finances throughout the year.
- Send in quarterly estimated tax payments if required (Federal/State/City).

Which Federal Forms Do I Fill Out?

- IRS Form 1099-MISC, Miscellaneous Income
- IRS Form 1040, Federal Tax Return
- Form 1040 Schedule C, Profit or Loss From Business
- Form 8829, Expenses for Business Use of Your Home
- Form 1040 Schedule SE, Self-Employment Tax

Making Life Easier For Next Year And Beyond

- Archive tax forms and documentation
- Adjust withholding or estimated payments
- Tweak your filing/organization system (new filing categories, tax prep software, etc.)

9595

VOID

CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents		OMB No. 1545-0115	
		\$		2006	
		2 Royalties			
PAYER'S federal identification number		3 Other income		4 Federal income tax withheld	
		\$		\$	
		5 Fishing boat proceeds		6 Medical and health care payments	
RECIPIENT'S name		7 Nonemployee compensation		8 Substitute payments in lieu of dividends or interest	
Street address (including apt. no.)		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>		10 Crop insurance proceeds	
City, state, and ZIP code		11		12	
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>		13 Excess golden parachute payments	
15a Section 409A deferrals		15b Section 409A income		14 Gross proceeds paid to an attorney	
\$		\$		\$	
		16 State tax withheld		17 State/Payer's state no.	
		\$		\$	
		\$		\$	
				18 State income	
				\$	
				\$	

Miscellaneous Income

Copy A
For Internal Revenue Service Center
File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.**

Form **1099-MISC**

Cat. No. 14425J

Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Label

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

Label Here

For the year Jan. 1–Dec. 31, 2006, or other tax year beginning , 2006, 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, see page 16. Apt. no. City, town or post office, state, and ZIP code. If you have a foreign address, see page 16. You must enter your SSN(s) above. Checking a box below will not change your tax or refund.

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

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

If more than four dependents, see page 19.

6a Yourself. If someone can claim you as a dependent, do not check box 6a 6b Spouse 6c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) if qualifying child for child tax credit (see page 19) 6d Total number of exemptions claimed

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Table with 22 rows for income items: 7 Wages, salaries, tips, etc. Attach Form(s) W-2; 8a Taxable interest. Attach Schedule B if required; 8b Tax-exempt interest. Do not include on line 8a; 9a Ordinary dividends. Attach Schedule B if required; 9b Qualified dividends (see page 23); 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 24); 11 Alimony received; 12 Business income or (loss). Attach Schedule C or C-EZ; 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here; 14 Other gains or (losses). Attach Form 4797; 15a IRA distributions; 15b Taxable amount (see page 25); 16a Pensions and annuities; 16b Taxable amount (see page 26); 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E; 18 Farm income or (loss). Attach Schedule F; 19 Unemployment compensation; 20a Social security benefits; 20b Taxable amount (see page 27); 21 Other income. List type and amount (see page 29); 22 Add the amounts in the far right column for lines 7 through 21. This is your total income

Adjusted Gross Income

Table with 15 rows for adjusted gross income items: 23 Archer MSA deduction. Attach Form 8853; 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ; 25 Health savings account deduction. Attach Form 8889; 26 Moving expenses. Attach Form 3903; 27 One-half of self-employment tax. Attach Schedule SE; 28 Self-employed SEP, SIMPLE, and qualified plans; 29 Self-employed health insurance deduction (see page 29); 30 Penalty on early withdrawal of savings; 31a Alimony paid b Recipient's SSN; 32 IRA deduction (see page 31); 33 Student loan interest deduction (see page 33); 34 Jury duty pay you gave to your employer; 35 Domestic production activities deduction. Attach Form 8903; 36 Add lines 23 through 31a and 32 through 35; 37 Subtract line 36 from line 22. This is your adjusted gross income

Tax and Credits

Standard Deduction for—

- People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 34.
- All others:

Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

38	Amount from line 37 (adjusted gross income)	38	
39a	Check <input type="checkbox"/> You were born before January 2, 1942, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1942, <input type="checkbox"/> Blind. Total boxes checked 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	
41	Subtract line 40 from line 38	41	
42	If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 36. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	
44	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	
45	Alternative minimum tax (see page 39). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 42). Attach Form 8901 if required	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8839 c <input type="checkbox"/> Form 8859	54	
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 60)	69	
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	70	
71	Credit for federal telephone excise tax paid. Attach Form 8913 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	

Refund

Direct deposit? See page 61 and fill in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	74a	
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62	76	
77	Estimated tax penalty (see page 62)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 63)? **Yes.** Complete the following. **No**

Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>
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Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 17. Keep a copy for your records.	Your signature <input type="text"/>	Date <input type="text"/>	Your occupation <input type="text"/>	Daytime phone number <input type="text"/>
	Spouse's signature. If a joint return, both must sign. <input type="text"/>	Date <input type="text"/>	Spouse's occupation <input type="text"/>	<input type="text"/>

Paid Preparer's Use Only

Preparer's signature <input type="text"/>	Date <input type="text"/>	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN <input type="text"/>
Firm's name (or yours if self-employed), address, and ZIP code <input type="text"/>	EIN <input type="text"/>	Phone no. <input type="text"/>	

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2006

Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (99)

▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.

▶ Attach to Form 1040, 1040NR, or 1041. ▶ See Instructions for Schedule C (Form 1040).

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-8, 9, & 10
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 2006? 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 2006, 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			18 Office expense	18		
9 Car and truck expenses (see page C-4)	9			19 Pension and profit-sharing plans	19		
10 Commissions and fees	10			20 Rent or lease (see page C-5):	20a		
11 Contract labor (see page C-4)	11			a Vehicles, machinery, and equipment	20b		
12 Depletion	12			b Other business property	21		
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13			21 Repairs and maintenance	22		
14 Employee benefit programs (other than on line 19).	14			22 Supplies (not included in Part III)	23		
15 Insurance (other than health)	15			23 Taxes and licenses	24		
16 Interest:				24 Travel, meals, and entertainment:	24a		
a Mortgage (paid to banks, etc.)	16a			a Travel	24b		
b Other	16b			b Deductible meals and entertainment (see page C-6)	25		
17 Legal and professional services	17			25 Utilities	26		
				26 Wages (less employment credits)	27		
				27 Other expenses (from line 48 on page 2)			
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns					28		
29 Tentative profit (loss). Subtract line 28 from line 7					29		
30 Expenses for business use of your home. Attach Form 8829					30		
31 Net profit or (loss). Subtract line 30 from line 29.					31		
• If a profit, enter on both Form 1040, line 12 , and Schedule SE, line 2 , or on Form 1040NR, line 13 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.							
• If a loss, you must go to line 32.							
32 If you have a loss, check the box that describes your investment in this activity (see page C-6).							
• If you checked 32a, enter the loss on both Form 1040, line 12 , and Schedule SE, line 2 , or on Form 1040NR, line 13 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.					32a	<input type="checkbox"/>	All investment is at risk.
• If you checked 32b, you must attach Form 6198 . Your loss may be limited.					32b	<input type="checkbox"/>	Some investment is not at risk.

Part III Cost of Goods Sold (see page C-7)

33 Method(s) used to value closing inventory: **a** Cost **b** Lower of cost or market **c** Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation **Yes** **No**

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation . . .	35		
36 Purchases less cost of items withdrawn for personal use	36		
37 Cost of labor. Do not include any amounts paid to yourself	37		
38 Materials and supplies	38		
39 Other costs	39		
40 Add lines 35 through 39	40		
41 Inventory at end of year	41		
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42		

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ► / /

44 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:
a Business **b** Commuting (see instructions) **c** Other

45 Do you (or your spouse) have another vehicle available for personal use? **Yes** **No**

46 Was your vehicle available for personal use during off-duty hours? **Yes** **No**

47a Do you have evidence to support your deduction? **Yes** **No**
b If "Yes," is the evidence written? **Yes** **No**

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

48 **Total other expenses.** Enter here and on page 1, line 27 48

Expenses for Business Use of Your Home

▶ **File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year.**

Department of the Treasury
Internal Revenue Service (99)

▶ **See separate instructions.**

Name(s) of proprietor(s)	Your social security number : : :
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Part I Part of Your Home Used for Business

1 Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions)	1	
2 Total area of home	2	
3 Divide line 1 by line 2. Enter the result as a percentage	3	%
For daycare facilities not used exclusively for business go to line 4. All others go to line 7.		
4 Multiply days used for daycare during year by hours used per day	4	hr.
5 Total hours available for use during the year (365 days × 24 hours) (see instructions)	5	8,760 hr.
6 Divide line 4 by line 5. Enter the result as a decimal amount	6	
7 Business percentage. For daycare facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3. ▶	7	%

Part II Figure Your Allowable Deduction

8 Enter the amount from Schedule C, line 29, plus any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If more than one place of business, see instructions See instructions for columns (a) and (b) before completing lines 9-21.	8			
		(a) Direct expenses	(b) Indirect expenses	
9 Casualty losses (see instructions)	9			
10 Deductible mortgage interest (see instructions)	10			
11 Real estate taxes (see instructions)	11			
12 Add lines 9, 10, and 11	12			
13 Multiply line 12, column (b) by line 7	13			
14 Add line 12, column (a) and line 13	14			
15 Subtract line 14 from line 8. If zero or less, enter -0-	15			
16 Excess mortgage interest (see instructions)	16			
17 Insurance	17			
18 Rent	18			
19 Repairs and maintenance	19			
20 Utilities	20			
21 Other expenses (see instructions)	21			
22 Add lines 16 through 21	22			
23 Multiply line 22, column (b) by line 7	23			
24 Carryover of operating expenses from 2005 Form 8829, line 41	24			
25 Add line 22 in column (a), line 23, and line 24	25			
26 Allowable operating expenses. Enter the smaller of line 15 or line 25	26			
27 Limit on excess casualty losses and depreciation. Subtract line 26 from line 15	27			
28 Excess casualty losses (see instructions)	28			
29 Depreciation of your home from Part III below	29			
30 Carryover of excess casualty losses and depreciation from 2005 Form 8829, line 42	30			
31 Add lines 28 through 30	31			
32 Allowable excess casualty losses and depreciation. Enter the smaller of line 27 or line 31	32			
33 Add lines 14, 26, and 32	33			
34 Casualty loss portion, if any, from lines 14 and 32. Carry amount to Form 4684 , Section B	34			
35 Allowable expenses for business use of your home. Subtract line 34 from line 33. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions ▶	35			

Part III Depreciation of Your Home

36 Enter the smaller of your home's adjusted basis or its fair market value (see instructions)	36	
37 Value of land included on line 36	37	
38 Basis of building. Subtract line 37 from line 36	38	
39 Business basis of building. Multiply line 38 by line 7	39	
40 Depreciation percentage (see instructions)	40	%
41 Depreciation allowable (see instructions). Multiply line 39 by line 40. Enter here and on line 29 above	41	

Part IV Carryover of Unallowed Expenses to 2007

42 Operating expenses. Subtract line 26 from line 25. If less than zero, enter -0-	42	
43 Excess casualty losses and depreciation. Subtract line 32 from line 31. If less than zero, enter -0-	43	

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule SE (Form 1040).**

OMB No. 1545-0074

2006
Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶	: : :
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Who Must File Schedule SE

You must file Schedule SE if:

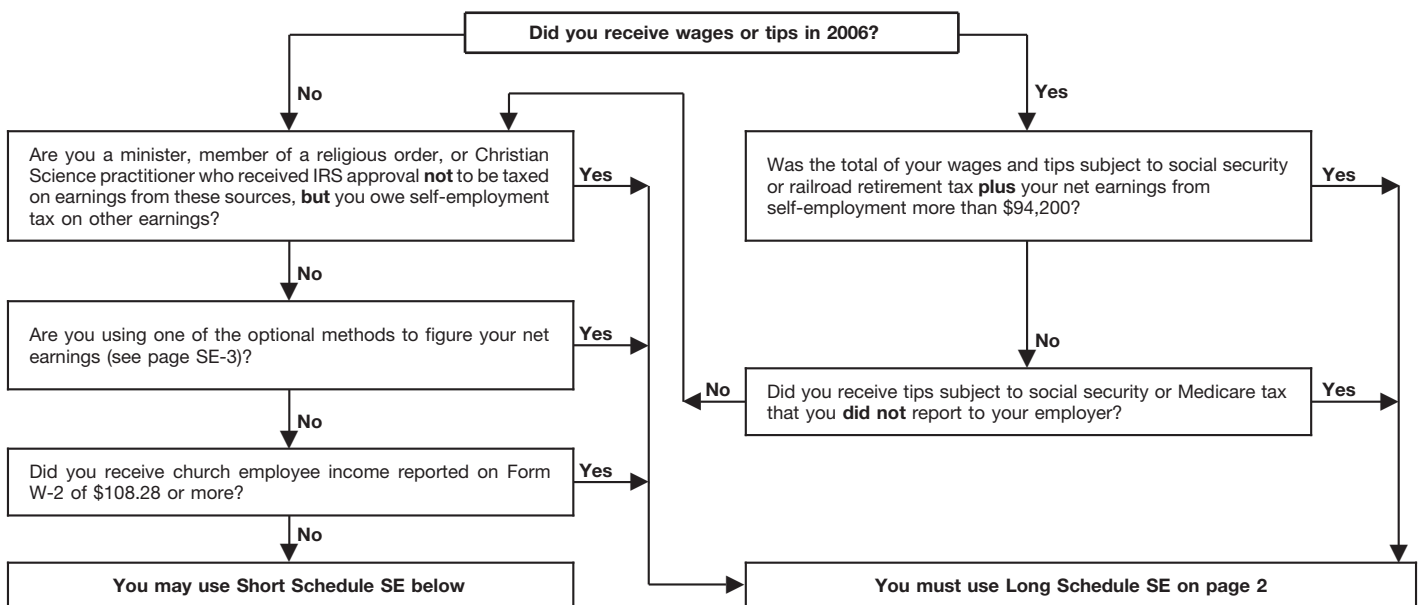
- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **or**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order **is not** church employee income (see page SE-1).

Note. Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 58.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see Who Must File Schedule SE, above.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-3 for other income to report	2		
3 Combine lines 1 and 2	3		
4 Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4		
5 Self-employment tax. If the amount on line 4 is: ● \$94,200 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 58. ● More than \$94,200, multiply line 4 by 2.9% (.029). Then, add \$11,680.80 to the result. Enter the total here and on Form 1040, line 58.	5		
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6		