



Form 1040: The business owner's federal tax guide

Your quick reference guide to reporting income, claiming deductions, and filing for the 2025 tax year



Do I need to file?

2025 filing thresholds



You must file Form 1040 if you meet or exceed any of the following gross income thresholds:

Filing status	Age	Gross income threshold
Self-employed	Any	\$400+ in net earnings from self-employment
Single	Under 65	\$15,000
Single	65 or older	\$17,000
Married filing jointly	Both under 65	\$30,000
Married filing separately	Any	\$5
Head of household	Under 65	\$22,500

Business entity note: Form 1040 is for sole proprietors and single-member LLCs. If your business is an S Corp or C Corp, you must file a separate corporate tax return.

Document checklist

Before you start:

Gather these documents to ensure accuracy.

- ✓ Prior year's tax return
- ✓ W-2 forms (for any wage income)
- ✓ 1099 forms (NEC, DIV, INT, etc., for self-employment or other income)
- ✓ Mortgage interest statements (Form 1098)
- ✓ Records for all business expenses (for Schedule C)

Reporting income (lines 1-15)

This section reports all money earned from all sources.

Income source	1040 line	Supporting document/schedule
Wages & salaries	Line 1	W-2
Taxable interest	Line 2b	1099-INT
Dividends	Line 3b	1099-DIV
Capital gains/losses	Line 7	Schedule D
Business income/loss	Line 8	Schedule 1 (flows from Schedule C)
Unemployment, alimony	Line 8	Schedule 1

Choosing your deduction

You must choose the deduction that gives you the greatest tax savings.

	2025 amounts	Used with	Benefit
Standard deduction	Single: \$15,000 MFJ: \$30,000 HOH: \$22,500	Form 1040	Simplest and used by most filers
Itemized deduction	Variable	Schedule A	Used if personal expenses (mortgage interest, medical, charity) exceed the standard amount

Important distinction: The expenses you claim on Schedule C reduce your business income. The Standard or itemized deduction reduces your personal taxable income.



Tax break alert:

QBI deduction

If your business is a pass-through entity (sole proprietor, LLC), you may be eligible to **deduct up to 20%** of your qualified business income (QBI). This deduction is taken on **Form 1040 (Line 13)**.

Required schedules for self-employed

Taxpayers with complex income situations must attach these schedules to their Form 1040:

	Purpose	Self-employed usage
Schedule 1	Additional income and adjustments	Mandatory to report business profit/loss (from Schedule C)
Schedule C	Business income and expenses	Mandatory for sole proprietors/ single-member LLCs
Schedule SE	Self-employment tax calculation	Mandatory if net earnings are \$400 or more
Schedule A	Itemized deductions	Used instead of the standard deduction
Schedule D	Capital gains and losses	Used for reporting sale of assets (stocks, business equipment)

Calculate your tax liability

1. Find taxable income

Subtract your deduction (standard or itemized) from your AGI.

2. Determine marginal rate

The U.S. uses a progressive system. Your marginal tax rate is the rate applied to your highest dollar of income.

3. Find total tax (Line 16)

Calculate the tax on your income, plus any other taxes (e.g., self-employment tax from Schedule SE).

4. Subtract payments

Subtract tax credits and taxes already paid (withholdings/estimated payments).

2025 marginal tax rates	Single filer income bracket
10%	Up to \$11,925
12%	\$11,926 to \$48,475
22%	\$48,476 to \$103,350
37%	Over \$626,350

Filing your return: What to know



E-file (recommended):

More accurate and speeds up your refund via direct deposit.



Filing deadline: File and pay any tax liability by the due date.



Extension: You can get a six-month filing extension, but you must pay your estimated tax liability by the original deadline to avoid interest charges.

Find peace of mind come tax time

The complexity of Form 1040 for a business owner stems from the required schedules (C, SE, 1). Using accounting software to track your expenses and income year-round simplifies these feeder forms, making your final 1040 accurate and easier to complete.

[Explore QuickBooks tax tools](#)

Legal Disclaimer: This document provides general tax information and should not be considered tax or legal advice. Consult a qualified tax professional for advice tailored to your specific situation.