

## TF.1

# Who must file?

## Basic Filing Requirement

The requirement to file is not the same as the requirement to pay. You may have to file even though you do not owe tax.

Just because you don't have to does not mean you shouldn't. You may choose to file in order to:

- claim a refund
- claim Earned Income Credit
- report business losses (which may reduce other taxable income)

You can go to the IRS website for more information on how to determine your filing status. Find the instructions for the Form 1040 and then find "Chart A." It shows the filing thresholds.

## Special Requirement for Self-Employment Income

Even if your business does not generate a profit you still may be required to file a tax return in order to report your **gross** business income. Gross income is your income before any deductions for expenses.

**Even if your total income is less than the filing thresholds in Chart A, you must file a tax return if you had net earnings from self employment of \$400 or more.**

This means that you might have to file a tax return on your small farm or ranch business even if you have gross income well below the amounts listed in IRS Form 1040 Instructions, Chart A.

**Partnerships, (including LLCs taxed as partnerships) and S-corporations must file a tax return every year they are in business regardless of income.**

A single-member LLC owned by two legally married spouses in a community property state does not have to file a separate tax return. For more information see IRS Form 8832 and instructions.

*This resource is derived from materials developed by the University of Arkansas School of Law Agricultural Tax Training as part of the Agricultural Financial, Tax and Asset Protection (AgFTAP) partnership with the University of Arkansas Southern Risk Management Education Center and others.*