

## Subject 204

### Business Income

Business income is income you received when you sold products or services. For example, fees are business income to a professional person. Rents are business income to a person in the real estate business. Income received in the form of property or services must be included in income at the dollar amount for which the property or services would have sold on the date received.

There are three types of businesses:

1. Sole proprietorships
2. Partnerships
3. Corporations.

A sole proprietorship is a business owned by one individual. Complete a **Federal Schedule C** and report the net income (or loss) on **Line 13** of the **AR1000F** or **AR1000NR**.

A partner of a partnership should receive a **Form K-1** at the end of the year reporting that partner's share of income and expenses. These amounts must be reported on the partner's individual income tax return. If the partnership paid withholding on behalf of the partners, then you may receive a 1099PT that will also show the income and withholding paid on behalf of the taxpayer.

For tax information about Corporations, call (501) 682-4775, or go to the Corporate Income Tax website at <https://www.dfa.arkansas.gov/income-tax/corporation/>