Dr. Friday.

TAX & FINANCIAL FIRM, INC.

QUICK CHECKLIST

Business Income Reporting Quick Check

A 10-Minute Checklist for Cash, Cards, Apps, Tips, Barter, and 1099 Mismatches

Business income does not become tax-free just because it arrived outside a traditional paycheck or tax form. The IRS generally looks at what your business earned, not only what someone reported on a Form 1099.

DR. FRIDAY, EA

TAX YEAR & ADVICE NOTICE

Tax laws and IRS guidance can change and may differ by tax year. This guide provides general educational information, not personalized tax advice. Confirm the rules and deadlines for the tax year of your return, and consult a qualified tax professional about your situation.

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This checklist helps you identify business income sources, avoid common reporting mistakes, and gather the first records you need before filing or responding to a notice.

> **Key Takeaway:** If your business earned the money, assume it belongs in your business income records unless a specific rule clearly says otherwise.

Dr. Friday Free Resource

Business Income Quick Check

Gross receipts are bigger than just the 1099 forms.

1. **Cash and checks?**
   Include customer payments even when no form arrives.
2. **Cards and apps?**
   Compare processors, app exports, and bank deposits.
3. **Tips or barter?**
   Track nontraditional payments and service trades.
4. **1099 mismatch?**
   Forms are one record, not the whole business story.
5. **Personal mixed in?**
   Separate owner transfers, reimbursements, and refunds.

Small win: list every way customers paid before adding the numbers.

Business Income Quick Check infographic for Dr. Friday resource guide.

Educational only. Check rules for your return's tax year.

Quick Answer

Yes, business owners generally need to report all taxable business income, including cash, checks, credit cards, payment apps, online marketplace payments, tips, gift cards received as payment, cryptocurrency, barter, commissions, bonuses, referral fees, and consulting fees.

A Form 1099 is not the starting line for taxable income. It is only one record. Your business may have reportable income even when no form arrives, and your actual income may be higher than the forms show.

Who This Checklist Is For

Use this checklist if you:

- [ ] Own a small business or side business.
- [ ] File or may need to file Schedule C.
- [ ] Receive cash, checks, cards, payment apps, online marketplace payments, tips, or barter.
- [ ] Have income that does not match Forms 1099.
- [ ] Mix business and personal transfers.
- [ ] Need to organize gross receipts before tax time.

Educational only. Check rules for your return's tax year.

Business Income Quick Check

Review each source your business used this year.

- [ ] Cash payments.
- [ ] Customer checks.
- [ ] Credit card payments.
- [ ] Venmo, Cash App, PayPal, Zelle, or similar app payments.
- [ ] Stripe, Square, marketplace, or other processor payments.
- [ ] Tips.
- [ ] Gift cards received as payment for work or services.
- [ ] Cryptocurrency received for products or services.
- [ ] Barter or trade transactions.
- [ ] Commissions.
- [ ] Referral fees.
- [ ] Consulting fees.
- [ ] Bonuses or incentives.
- [ ] Online sales.
- [ ] Deposits that may represent customer payments.

> **Plain-English Rule:** Report business income based on what the business earned, not just what showed up on tax forms.

Educational only. Check rules for your return's tax year.

Why 1099 Forms Are Not Enough

Situation	Why it matters
No 1099 arrived	The income may still be taxable
1099 reports only part of the year	Your business records must fill the gap
Payment app includes personal transfers	You need to separate business and personal amounts
Processor reports gross payments	Fees, refunds, tips, or adjustments may need review
Cash was never deposited	It may still be business income
Barter or gift cards were received	Non-cash payment can still count as income

Simple Gross Receipts Formula

Use this plain-English estimate:

> Cash + checks + cards + payment apps + tips + marketplace payments + barter + other business payments = gross business receipts to review

This is only a starting point. Your final return depends on your full records, accounting method, returns and allowances, refunds, cost records, and expenses.

Educational only. Check rules for your return's tax year.

What To Save First

Create a year folder and save:

- Bank statements.
- Business account statements.
- Payment processor reports.
- Payment app exports.
- Invoices.
- Receipt book copies.
- Cash logs.
- Sales reports.
- Marketplace reports.
- Tip records.
- Refund or chargeback records.
- Form 1099-K, 1099-NEC, 1099-MISC, or other tax forms.
- Notes explaining personal transfers, loans, gifts, or reimbursements.
- Business expense receipts.

> **Recordkeeping Note:** Good records do two jobs: they help you report income correctly and help support ordinary and necessary business expenses.

Educational only. Check rules for your return's tax year.

Common Mistakes To Avoid

- Reporting only the income shown on Forms 1099.
- Leaving out cash because it was never deposited.
- Treating payment app business transfers as personal money.
- Forgetting tips or gift cards received as payment.
- Ignoring barter or trade transactions.
- Mixing business and personal bank accounts without notes.
- Reporting net deposits instead of reviewing gross receipts.
- Estimating income from memory.
- Claiming expenses without receipts or business purpose notes.

When To Stop and Get Professional Help

Consider getting qualified help if:

- Your Forms 1099 do not match your own records.
- Your business uses multiple payment apps or processors.
- You mixed business and personal payments.
- You received a Form 1099-K that includes personal transfers or duplicated income.
- You have significant cash sales and weak records.
- You received an IRS or state notice.
- You may need to amend a prior return.
- You are not sure whether income belongs on Schedule C, another business return, wages, or another category.

> **Ask Before Filing:** Business income problems can create income tax, self-employment tax, penalties, and audit risk. Get help when the records do not clearly explain the income.

Educational only. Check rules for your return's tax year.

Public IRS Resources

- IRS Publication 334, Tax Guide for Small Business: https://www.irs.gov/forms-pubs/about-publication-334
- IRS Publication 583, Starting a Business and Keeping Records: https://www.irs.gov/forms-pubs/about-publication-583
- IRS Publication 535, Business Expenses: https://www.irs.gov/forms-pubs/about-publication-535
- IRS Topic No. 407, Business Income: https://www.irs.gov/taxtopics/tc407
- IRS Form 1099-K information: https://www.irs.gov/businesses/understanding-your-form-1099-k
- IRS Schedule C information: https://www.irs.gov/forms-pubs/about-schedule-c-form-1040

Educational Disclaimer

This resource is for general educational purposes only and is not personalized tax advice. Tax situations vary. Before acting on information in this guide, consult a qualified tax professional about your specific facts and circumstances.

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Next Step: Reconcile Your Business Income

If this checklist helped you see that your business income is spread across cash, cards, apps, tips, processors, and tax forms, the next step is to reconcile the year before filing.

The **Business Income Reconciliation Workbook** helps you build a gross receipts map, compare Forms 1099 to your own records, separate personal and business app payments, track cash and tips, document barter, and prepare cleaner records for a tax professional.

It is a good fit if you:

- Receive income from more than one business payment method.
- Need to compare bank deposits, apps, cards, and Forms 1099.
- Are worried your reported income may not match IRS records.
- Have cash or app payments that are not organized.
- Want your facts ready before contacting Dr. Friday's office.

For help reviewing business income records, Form 1099 mismatches, cash sales, app payments, or related IRS notices, contact Dr. Friday Tax and Financial Firm, Inc.

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Explore the companion workbook

drfriday.com/resources/business-income/#workbook

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