

PREPARING FOR TAX SEASON

SELF EMPLOYMENT

Self-employed workers are responsible for Federal withholding & Social Security taxes; approximately 15% of wages earned.

Documenting and keeping records is highly recommended, as self-employed taxpayers must provide the necessary records relating to their work in order to complete a tax return and be prepared for tax responsibilities.

Here are some tips:

- Taxpayers who receive 1099K & 1099 Misc. forms are required to report income as contract or self-employed workers annually.
- Expenses for contract workers are an important tool to help offset gross wages. Some of the most common are: mileage (restrictions may apply), supplies, required uniform or clothing, work supplies, and phone/internet fee.
- Hobbies are not included unless expenses to develop a business are being spent over a period of 2-3 years. These include advertising, professional fees, and other types of investing in the business.



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