

# Taxes for Freelancers



## Do I have to pay self-employment taxes?

If you make more than \$400 of profit (profit = income - expenses) during the year, then you'll owe self-employment taxes on that income.



## Quarterly Estimated Taxes

If you expect your freelance income to generate a tax liability of at least \$1,000, you'll want to make estimated tax payments (federal, and possibly state) each quarter to cover your tax obligation. Due dates are April 15, June 15, September 15, and January 15 of the following year.



## W9's and 1099-MISC's

If a client expects to pay you more than \$600 during the year, they'll ask you to provide them with a W-9. A W-9 simply records the information your client will need to prepare a Form 1099-MISC at the end of the year. A Form 1099-MISC will be sent to both you and the IRS, because it details your exact payment and tax liability.



## Schedule C or C-EZ

Any self-employment income and related expenses will be reported on a Schedule C, Profit or Loss from Business. For expenses less than \$5,000, you can use the shorter Schedule C-EZ.



## Deductible Expenses

Expenses must be either ordinary (common and accepted in your industry) or necessary (helpful and proper for a trade or business). Most freelancers will also get a deduction of up to 20% of their qualified business income (QBI).



## When to Deduct

In most cases, taxpayers can deduct expenses in the year paid or the year incurred. Some costs must be 'capitalized,' however. This means deducting the cost over a number of years.

