

The Skinny on Freelancer Taxes

1 You're self-employed.

You call yourself a freelancer, but do you know that also means you're self-employed? It's true. A self-employed person works for herself (aka you the freelancer) and is not committed to a specific employer or company. Self-employed is the official term used by the IRS in the tax code, not freelancer. So it's important to think of that word when you think about your work and your taxes.

2 You must pay the self-employment tax.

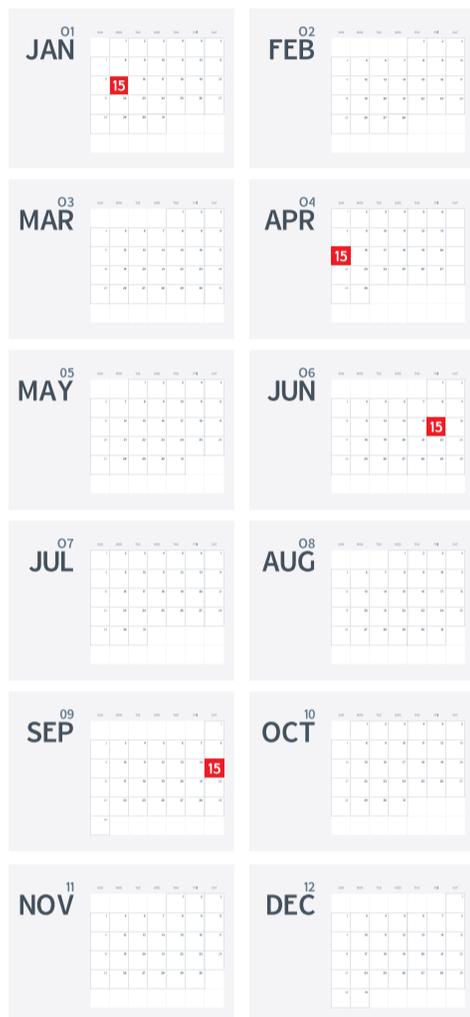
Whether you freelance full-time or simply as a part-time gig, you must pay taxes on income over \$400. But you probably already knew that. What you may not know is that includes the self-employment tax, which is in addition to your normal federal income tax.

The self-employment tax covers your required contributions to Social Security and Medicare. When you're self-employed, you must pay the full amount (not shared with your employer), which is 15.3 percent of your self-employed net earnings.

3 Quarterly estimated tax payments can save the day.

As you earn money throughout the year from your freelance work, the IRS expects you to pay your fair share of taxes on that amount. That's where quarterly estimated taxes come into play. You must "estimate" how much tax you owe on your income and make a quarterly payment to the IRS.

Due dates: Jan. 15, April 15, June 15, Sept. 15



4 Deductions are your best friend.

Most people understand how tax deductions work, but many don't take full advantage of them. As a freelancer, do you know what you can deduct? Here are a few of the most common tax deductions for freelancers.



- Home office & supplies
- Business travel and meals
- Advertising and marketing
- Software costs
- Computers, printers, etc.
- Professional development

5 Form 1099-MISC is coming your way.

As a freelancer, if you earn more than \$600 from a company in a calendar year, you can expect to receive Form 1099-MISC. That form details your earnings and is also sent directly to the IRS. Before you file, make sure you received all of your 1099s to help you accurately report your income on your tax return.

