

# Freelancer Tax Filing

This playbook describes the process for freelancers to prepare and file their taxes. It covers identifying deductions, making estimated payments, and handling necessary tax forms such as Schedule C.

## Step 1: **Collect Documents**

Gather all necessary financial documents, including income statements (1099-MISC, 1099-NEC, and any other income reports), receipts for business expenses, and records of any estimated tax payments made during the year.

## Step 2: **Identify Deductions**

Review your expenses to identify potential deductible items. Common deductions for freelancers include home office expenses, supplies, travel costs, continuing education, and health insurance premiums.

## Step 3: **Estimate Income**

Calculate your total income from freelancing and any other sources. This will help you determine your tax liability and whether you've paid enough in estimated taxes.

## Step 4: **Complete Schedule C**

Fill out IRS Form Schedule C, Profit or Loss from Business (Sole Proprietorship). This requires you to list your income and expenses to determine your net profit or loss for the year.

## **Step 5: Calculate Payments**

Determine whether you owe more taxes or can expect a refund based on your net profit and any estimated tax payments you have made. Use IRS Form 1040-ES to calculate and make estimated tax payments if needed.

## **Step 6: File Taxes**

Prepare and file your tax return, including Schedule C with your Form 1040, by the tax deadline (April 15th, unless it falls on a weekend or holiday). You can file electronically or mail in your forms, depending on your preference.

# **General Notes**

## **Keep Records**

Maintain detailed and organized records of all your business-related transactions and expenses. This is crucial for accurately reporting your income and deductions and for substantiating any items in case of an audit.

## **Quarterly Taxes**

Be aware that freelancers typically need to make quarterly estimated tax payments. If these are not made, you could face penalties for underpayment at the end of the tax year.

## **Tax Assistance**

Consider hiring a tax professional to assist with your tax preparation if your situation is complex, or if you're uncertain about your tax obligations and potential deductions.

