

Knowing the rules about self-employment and “1099” income is a *smart choice* that can help you reach your goals. Here are some ideas to help you learn...

THE TOP 6 WAYS TO CUT TAXES IF YOU'RE SELF-EMPLOYED

1 Learn the rules of the game.

TIP: Go to irs.gov, “Small Business Tax Workshop.”

Self-employed workers pay taxes on *profit*: the *difference* between business income and allowable expenses.

2 Set up a separate bank account.

TIP: Ask your bank for a “dba” account with low or no fees.

Keep *business* income and expenses separate from *personal*. It's much easier to track and prove your profit.

3 Keep receipts.

TIP: Set up a file folder for each category of income and expense.

The IRS can make you prove your deductions, so get proof! Don't forget “*office-in-home*” receipts, too!

4 Keep a business mileage log.

TIP: Keep a diary in your car; write down your miles after each trip.

Business miles can be worth *55 cents* per mile in deductions. But you need a *written log* to get the deduction!

5 “Do your books” often.

TIP: Figure income minus expenses every 3 months to see where you stand.

You can keep a “journal” of income and expenses on paper, or use a computer program.

6 Set aside “estimated taxes.”

TIP: Go to irs.gov and get Form 1040-ES and instructions.

Don't get caught next April with a big tax bill! “Pay as you go” by setting aside or paying in taxes each quarter.

Ask at this **free tax site** about other resources to help you make *smart choices* about small business taxes, or contact:

1-800-TAX-1040

www.irs.gov

www.sba.gov

All *Smart Choices* tips can be found at www.Mass211.org

All figures are based on 2009 tables, and are subject to change.

GIVE. ADVOCATE. VOLUNTEER. LIVE UNITED.™

