

Freelancer Taxes Tool Kit

A Guide to Navigating Taxes as Your Own Boss

Tips and resources for the digital nomad.

Know Your Taxes



Federal Taxes

- Required to pay if net yearly earnings are \$400+
- Self-employed freelancers pay personal income tax on freelance business's profits.



State Taxes

- Find your local tax agency and file an annual state income tax with your state department through the [IRS website](#).



Local Taxes

- Freelancer taxes vary by state. Refer to your local government's website to find out if you need to pay local taxes.

How to File

If filing as a sole proprietor, you'll need to report earned income or losses on your personal tax return using the [IRS Form 1040](#). Earned income includes savings and spouse's income. Business-related expenses such as office rent and equipment can be deducted.

Tax Tips for Freelancers

- **Pay estimated taxes along the way** – prepare to make four quarterly tax payments throughout the year if you expect to make more than \$1,000 in federal taxes during the year.
- **Keep records throughout the year** – document every cent spent and earned with your business. [QuickBooks Online](#) is a great resource for tracking records.
- **Consult a tax professional** – understanding and filing taxes can be difficult. Investing in a tax professional can save you time and more money in the long run.

You can do this! Get prepared for tax season by reading the full blog here.