

TAX TIPS FOR THE SELF-EMPLOYED



When the economy hit an all-time low and many people were left unemployed, a lot of people in areas all over the United States decided to become self-employed. Those who are self-employed or own a business themselves will have to file taxes each year just like everyone else. However, there are quite a few things that these people should know when it comes to filing taxes. In fact, it is important to know the right information so that you file your taxes correctly and your record will be clean and flawless. If you are self-employed, you do not want to file wrong and risk any trouble with the Internal Revenue Service, commonly known as the IRS. Trouble with the IRS can lead to expensive fines and possibly even jail time which is why it is definitely in your best interest to simply follow the rules and directions that come along with filing taxes as a self-employed individual, according to Reuters. The first thing you will need to do is prepare your estimated taxes. If you decided to prepare estimated taxes, you will know what to expect. The amount of expected taxes varies and can drastically change depending on how your employment went and how your business did during each quarter. You don't have to pay these estimated taxes early but it is important that you know what to expect prior to filing your taxes in the first place. If you are self-employed or own a small business, you will be doing yourself justice by purchasing a new computer. After buying your computer, when filing your taxes, you can deduct the cost of your computer along with any other equipment that goes along with the computer for your business. This will be like receiving a computer for free. It is also a necessity for someone who is self-employed and running their own business. However, you should only use that computer for your work and not for personal use, just to be on the safe side. You can also benefit greatly from contributing to SEP-IRA. This stands for Simplified Employee Pension Individual Retirement Arrangement. If you are self-employed but do not have a SEP-IRA, you will need to get one before the year is over. If you do this before the year is over and make a contribution that will go along with the year of 2011, you can receive a tax deduction because you contributed to the retirement account. These are just some of the many useful tips that can come in handy for someone who is self-employed. With hundreds and thousands of self-employed individuals in the United States, it is important to know what you can and cannot do while filing your taxes.