



HELPFUL WRITE-OFF FOR 1099ERS

Freelancers and small business owners may not even consider the idea of getting a tax refund at the end of the year. It truly is a foreign concept for those who enjoy the job freedom as opposed to their W2 friends. While it may seem like this give freelancers an easier route when it comes to tax deductions, the opposite is actually true. In fact, it is an even more crucial art for freelancers. Not understanding how to calculate what you owe at the end of the year and each quarter may lead to overpaying that doesn't need to happen. According to Robert Ellis-Smith, a frugal freelance writer, "If an entrepreneur or small business owner operates their business from their home, there are many expenses that they can deduct. Office furniture, heat, air conditioning costs, electric bills, and related home repairs are just examples of potentially eligible deductions. When I first opened my business - publishing a newsletter - I deducted the cost of firewood because that is how I heated my separate home office!" The IRS allows for home businesses to deduct up to 33% of your rent. Your office space must be a separate, designated area of your home. Consulting with your accountant will help you figure out just how much of your living expenses that you have the opportunity to deduct by working as a freelancer. Michael Carney, a Certified Public Accountant, shares some deductions available for those who use write, whether as a screenwriter, professional blogger, novelist or journalist. He says, "Deductions for tech-toys like the iPad and other high-end gadgets (digital cameras, video cameras, etc.) can also be counted as a tax deduction. The IRS is fairly strict on drawing the line between perks and necessity in this area, but they are less apt to question this deduction for a writer than for someone who works in a field where high-end computer products are not as important." If you have two phone lines, the IRS will let 1099ers count one them for tax deductions. You must have two lines, though. Preferably, one of them being a landline. If you only have your iPhone as a lifeline, you're out of luck for this deduction. Whether you qualify for one or all of these deductions, it's important that you keep your finances in check while also getting the most out of the tax perks available to you. Don't pay more than you have to; deductions and write-offs can really add up for the starving freelancer!

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