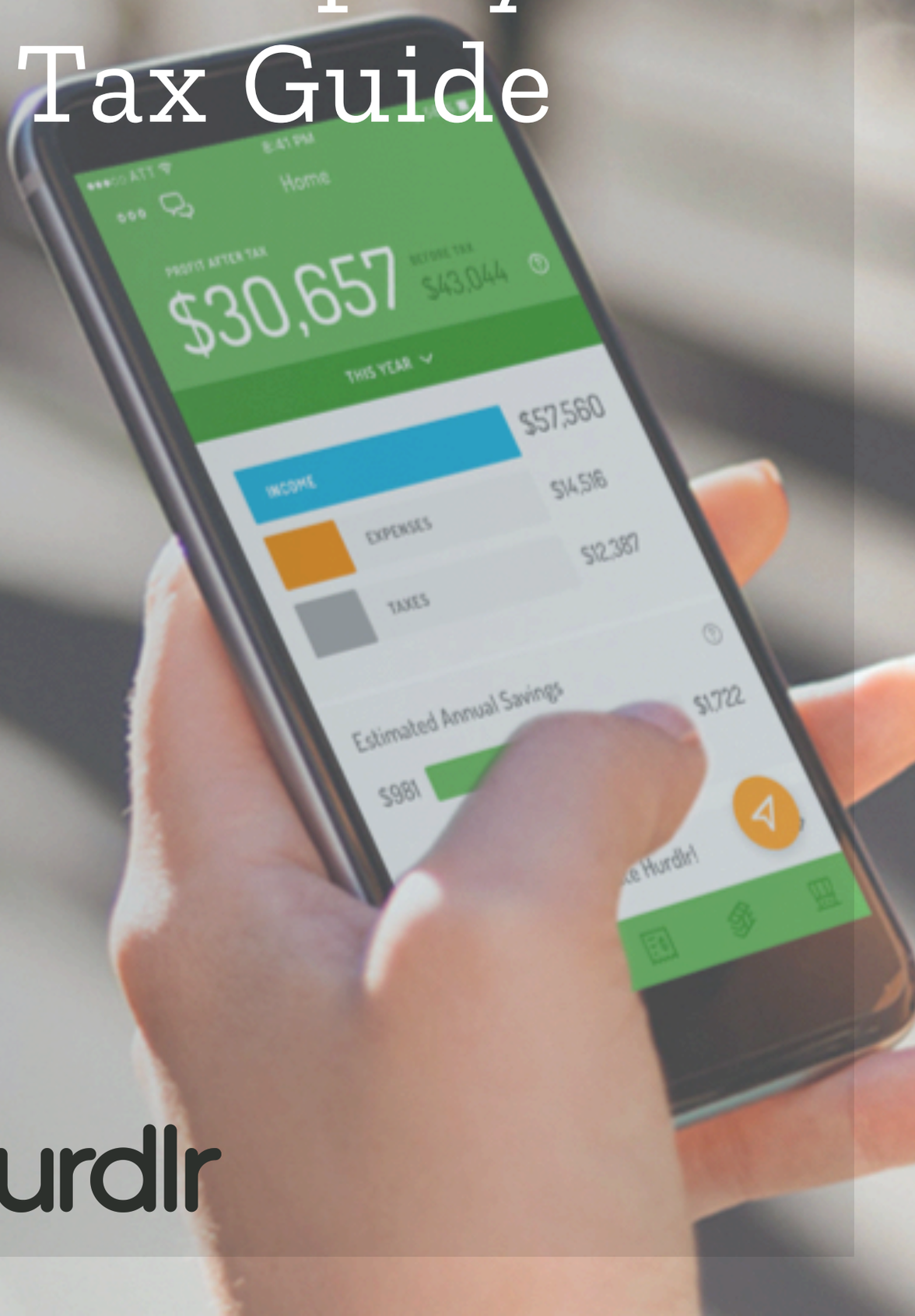
The Ultimate 2021 Self-Employed Tax Guide



MAKING TAXES EASY

hurdlr

Whether you're a part-time side hustler, full-time freelancer, or small business owner, this guide is for you. The information inside will help you understand your tax obligations and leverage the deductions you're eligible for so you can maximize the profit potential of your gig, work and business.

Table of Contents

3 Are You Self-Employed?

4 What is Self-Employment Tax?

5 Top 3 Reasons You Need to Track Your Finances

6 Top 10 Business Expenses You Can Write-off

7 Do You Meet With Prospects and Clients?

8 Do You Use Your Personal Vehicle for Business?

9 Do You Work From Home?

10 Do You Need to Pay Taxes Quarterly?

11 Top 4 Tax Filing Reports You Should Be Aware Of

12 About Hurdlr: The Best App for Self-Employed Finances

The information contained in this document is provided for informational purposes only and should not be construed as financial or tax advice. It is not intended to be a substitute for obtaining accounting or other financial advice from an appropriate financial adviser or for the purpose of avoiding U.S. Federal, state or local tax payments and penalties.

COPYRIGHT HURDLR, INC. 2021

Are You Self-Employed?

Popular Types of Self-Employment:

Gig Workers

Rideshare and delivery drivers, grocery shoppers, taskers, handy people, you name it.

Independent Contractors

From freelance photographers, designers, developers, and writers to insurance and real estate agents.

Micro to Small Business Owners

From direct sellers to retail and ecommerce store owners, and everything in between.

Do you get a W-2 or a 1099?

If you receive a W-2 from your employer, then you're an employee, and income taxes are likely already withheld from your paycheck. If you receive a 1099 instead, then you're an independent contractor and need to plan to pay income taxes on this income.

LLCs

If you receive a K-1 from a pass-through entity that you're an owner in, such as an LLC or LLP, you too are self-employed and need to plan to pay income taxes if the business is profitable.

COPYRIGHT HURDLR, INC. 2021

Self-Employment Tax

Self-Employment tax is paid by people who work for themselves and don't have taxes withheld from their paychecks by an employer. Currently the rate is 15.3%.

How to Calculate:

12.4% SOCIAL SECURITY + 2.9% MEDICARE = 15.3% SELF-EMPLOYMENT

The formula above is provided for informational purposes only. Generally, the amount subject to self-employment tax is 92.35% of your net earnings from self-employment. Refer to the Schedule SE to calculate the exact amount you owe.

Estimated Taxes

If you make above a certain amount in "1099" income, it's recommended that you make estimated tax payments every quarter so the IRS doesn't charge you a penalty.

PRO TIP An app like Hurdlr will calculate your tax estimates in real-time, so you don't have to do the math. Learn More ↗

Note about the Qualified Business Income Deduction (QBI): Pass-through entities, including Sole Proprietorships, may deduct up to 20% of qualified business income.

COPYRIGHT HURDLR, INC. 2021

Why do you need to track your income, expenses, and mileage?

TOP 3 Reasons You Need to Track Your Self-Employed Finances

#1 So you know how much you're earning and can reach your income goals

#2 So you can plan for and pay your taxes

#3 So you can lower your taxes by leveraging self-employed tax deductions

PRO TIP Use an app like Hurdlr to automatically track your finances, so you can hit your goals. Learn More↗

COPYRIGHT HURDLR, INC. 2021

TOP 10 Business Expenses You Can Write-off

Marketing & Advertising

• Website • Facebook & Google Ads
• Promotional Materials

Tools & Equipment

• Mobile Phone & Data Plan • Laptop
• Software Subscriptions

Travel

• Business Trips • Airfare • Hotel

Education & Training

• Conferences • Books • Certifications

Health Insurance

• Health • Dental • Long-Term Care

Business Insurance

• Auto • Liability • Property

Professional Services

• Accounting • Legal • Coaching

Mileage

• Business Trips • Tolls • Parking

Meals & Entertainment

• Customers • Prospects • Recruits

Payroll

• Yourself • Contractors • Employees

PRO TIP Use an app like Hurdlr to automatically track your expenses, so you never miss a deduction. Learn More ↗

COPYRIGHT HURDLR, INC. 2021

Meals & Entertainment

The good news is that you can deduct 50% of your meal costs, including beverages, as long as they're business-related. This applies to dining out and ordering in. The bad news is that you can't deduct entertainment expenses, such as taking clients to a concert or sporting event.

Do you meet with prospects and clients?

MEAL PURPOSE	RATE
Business meals with clients	50%
The cost of meals while traveling for work	50%
Meals at a business conference	50%
Office snacks and other food items	50%
Food for company holiday parties	100%
Food and beverages given out free to the public	100%

Note: This year, as part of the Consolidated Appropriations Act signed into law on December 27, 2020, food and beverages will be 100% deductible if purchased from a restaurant.

PRO TIP Use an app like Hurdlr to automatically track your expenses, so you never miss a deductible meal. Learn More ↗

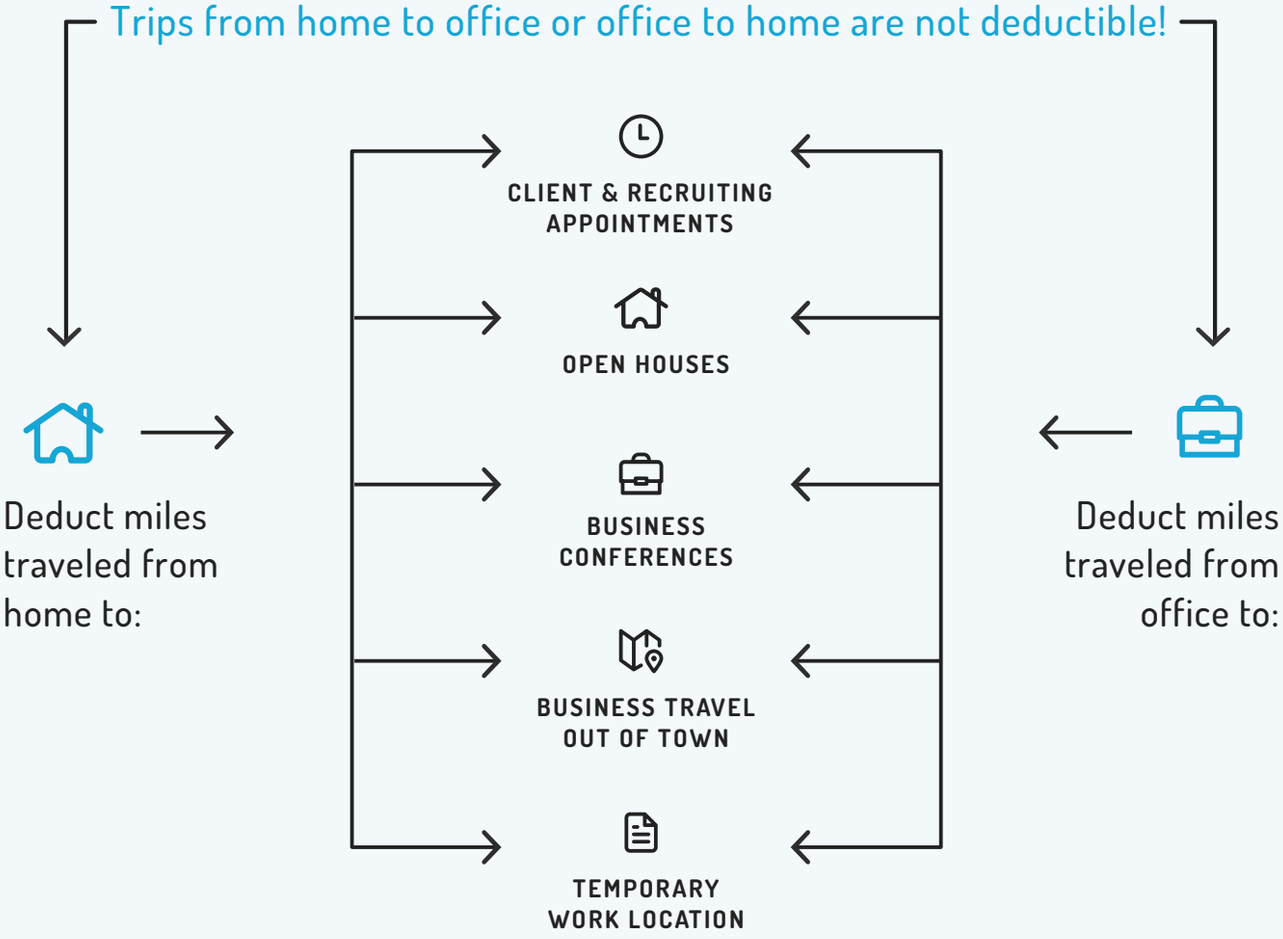
COPYRIGHT HURDLR, INC. 2021

Mileage You Can Deduct

Do you use your personal vehicle for business?

The standard mileage deduction is overlooked by so many people who should take advantage of it because (1) it used to be hard to keep track of, and (2) at **56 cents** per deductible mile driven in 2021, it would appear unworthy of your time. However, this deduction adds up fast! In fact, every 100 deductible miles is a $56.00 tax deduction, and many self-employed people have thousands of deductible miles per year.

Common Deductible Drives



PRO TIP Use an app like Hurdlr to automatically track your mileage, so you never miss a deductible trip. Learn More ↗

COPYRIGHT HURDLR, INC. 2021

The Home Office Deduction

(SIMPLIFIED METHOD)

Do you work from home?

If you run your business primarily out of your home office, then you should take advantage of the home office deduction as it most likely applies to you. Using the Simplified Method, you may be eligible for a deduction of up to $1,500.

How to Calculate:

You can deduct $5 per square foot of the space you use for business, up to a maximum of 300 square feet (i.e. $1,500).

$5 × 300 = $1,500

IRS RATE | SQ. FT. | MAXIMUM POSSIBLE HOME OFFICE DEDUCTION

Note: To be eligible for this deduction, your home office must be (1) exclusively used for your business, (2) regularly used for your business, and (3) the primary place of your business.

COPYRIGHT HURDLR, INC. 2021

Estimated Taxes

Do you need to pay taxes quarterly?

Self-employed or "1099 income" is not taxed before you receive it, so you need to plan to pay income taxes on this income. If you make above a certain amount of this income, it's recommended that you make estimated tax payments every quarter so the IRS doesn't charge you a penalty.

2021 Quarterly Estimated Taxes for Individuals

TAX QUARTER	PAYMENT DUE DATE
Q1: JANUARY - MARCH	APRIL 15, 2021
Q2: APRIL - MAY	JUNE 15, 2021
Q3: JUNE - AUGUST	SEPTEMBER 15, 2021
Q4: SEPTEMBER - DECEMBER	JANUARY 18, 2022

PRO TIP An app like Hurdlr will calculate your tax estimates in real-time, so you don't have to do the math. Learn More. ↗

COPYRIGHT HURDLR, INC. 2021

Tax Filing Reports TOP 4

In general, and especially come tax time, these are the 4 most common Schedules and Forms you should be aware of if you're Self-Employed.

Schedule C

This is the main schedule self-employed people fill out to report how much money they made or lost in their business activity, even if they don't own a business. It's where you enter your deductible business expenses.

Schedule SE

For people who are required to pay the self-employment tax, this schedule is filled out to calculate how much they owe.

Schedule K-1

To report pass-through taxation for a business partnership, S corporation or rental property investment, this schedule is used by people who own any percentage of these businesses or investments.

1099s

This informational tax form is used to report certain types of non-employment income to the IRS, and there are many different types. People who are self-employed should receive this if they were paid by someone other than an employer.

PRO TIP An app like Hurdlr will automatically generate your Schedule C, so you'll be prepared come tax time. Learn More ↗

COPYRIGHT HURDLR, INC. 2021

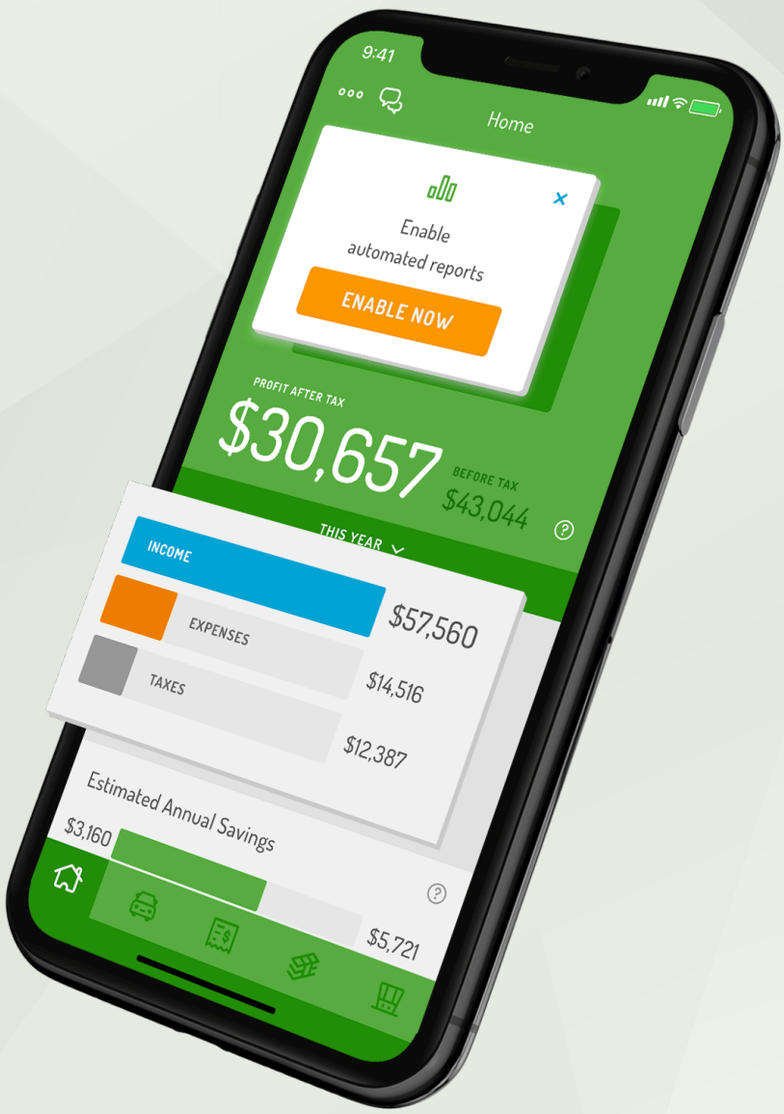
Automatic Business Expense, Mileage & Tax Tracker

Hurdlr automatically tracks all of your mileage, expenses, income streams, and tax deductions in real-time. On average, people find over $5,600 in tax deductions.

$8B
IN FINANCES TRACKED

$300M
IN TAXES SAVED

4.7 ☆
AVERAGE APP STORE RATING



hurdlr

GET THE APP ↗
hurdlr.com

COPYRIGHT HURDLR, INC. 2021