

TAXES:

When you have earnings from services that are not on a W-2, then when you earn \$400 or more, you are required to report that income to the IRS and your state and pay income tax to both. For the IRS you are to pay self employed social security and Medicare tax on any net income.

You have become a self employed sole proprietor. Use tax form 1040, Schedule C and Schedule SE.

You are allowed to deduct all necessary and ordinary expenses in earning that income, i.e. mileage - do keep a log - at 51.0 cents/mile from 1-1-11 to 6-30-11 and 55.5 cents/mile from 7-1- to 12-31-11. Also, your dues, subscriptions, supplies, uniforms, business meals, meeting, seminars, are all deductible. If you are away from your tax home overnight, then deduct all transportation, meals (per diem) and lodging - do keep all receipts to support your deductions. e.g.

2011 Income		\$1,200
Less:		
Mileage - 1350 x.51 =	\$689	
" 941 x 55.5 =	522	
Dues	55	
Supplies	110	
Meals & Enert.	48	
Uniforms	<u>125</u>	<u>- 1,549</u>
LOSS		\$ 349

For meets that you are NOT paid, then you are allowed to deduct your mileage at 14 cents per mile and any out of pocket costs. These go on your nonprofit deductions if you itemize your deductions.

The above is based on my understanding of the IRS code and regulations. Do consult your tax advisor.

Larry O'Leary, LTC 1592