

THE  
*Gamblin*  
GROUP



# WHAT GIG WORKERS NEED TO KNOW ABOUT TAXES

In this eBook, I will share Special Tax Deductions for Gig workers.

*This is for informational purposes only.*

*If you are interested in learning more about important and useful tax tips and deductions, feel free to visit our website [www.thegamblingroup.com](http://www.thegamblingroup.com)*

Monica Gamblin:

**Providing you with useful  
resources for tax time**





If you started working as a freelancer during the pandemic, be aware that your taxes have just become more complicated.

On-demand, freelance work — such as **Uber driving**, **Instacart shopping**, and **Amazon Flex delivery** — is often taxed as self-employment. You're an independent contractor, which means you're responsible for paying taxes on your gig revenue when you earn it, rather than having your company take money from your paycheck. In addition, you'll owe a bigger portion of your income to Social Security and Medicare taxes.

On the flip side, as a self-employed individual, you may have more opportunity to deduct expenditures and save for retirement than a W-2 employee.





# Self-employment taxes are a mystery to many

According to a recent NerdWallet survey, about half of U.S. consumers don't have a strong understanding of the tax implications of freelance or gig employment. Even before the epidemic upended people's employment life, this form of job was becoming more prevalent in the US economy.

According to a survey conducted by Upwork, a freelance job platform, 59 million Americans — or 36% of the working population in the United States — freelanced in the previous year. However, the COVID-19 lockdowns caused significant changes in the freelance fleet's makeup. During the pandemic, millions of people were forced to leave their jobs, often due to a lack of labor or the fear of getting the disease. Simultaneously, widespread unemployment and a boom in demand for home delivery prompted millions of people to pursue freelance work for the first time.



# Gig work tax basics

According to a survey conducted by Upwork, a freelance job platform, 59 million Americans — or 36% of the working population in the United States — freelanced in the previous year. However, the COVID-19 lockdowns caused significant changes in the freelance fleet's makeup. During the pandemic, millions of people were forced to leave their jobs, often due to a lack of labor or the fear of getting the disease. Simultaneously, widespread unemployment and a boom in demand for home delivery prompted millions of people to pursue freelance work for the first time.

If you paid \$600 or more to any individual or firm as part of your business, you may be obliged to send out 1099s. The deadline for submitting those was February 1st.

You'll have to pay self-employment tax as well. Employees typically pay 6.2 percent of their earnings in Social Security and 1.45 percent in Medicare taxes, with their employers contributing the same amount. If you're your own boss, however, you'll usually pay both half of those taxes: 12.4% for Social Security and 2.9 percent for Medicare, for a total of 15.3%.



# What you can deduct



This space is where you add a short awesome and special tip or product that you will like to highlight. Add images for explanation or something to keep your readers hooked.



This space is where you add a short awesome and special tip or product that you will like to highlight. Add images for explanation or something to keep your readers hooked.

# Avoiding penalties



If you owe the IRS less than \$1,000, you'll usually avoid underpayment penalties. You'll also avoid penalties if your tax payments in 2020 total at least 90% of what you owe for the year, or 100% of what you paid in 2019, whichever is less. (However, if your adjusted gross income in 2019 was more than \$150,000 — or \$75,000 for married couples filing separate returns — the threshold is increased to 110 percent of what you paid in 2019.)

However, don't let your dread of owing money keep you from filing. The IRS offers payment plans, and the penalties for not paying on time are significantly less severe than the penalty for not filing a return on time.

Although tax software can assist you with the procedure, if this is your first time filing as self-employed, you might consider contacting a tax specialist. There are enough ambiguities and complexities in the taxation of gig labor that hiring a professional can pay for itself.





# Want to Learn More?

The team of Financial Professionals at The Gamblin Group, LLC are talented and hard-working individuals who believe in helping families and business owners achieve Financial Security and Generational Wealth.

Through our core focus of building and protecting the financial resources of those we serve, we have helped countless families and businesses achieve this goal.

**schedule a consultation**

**855-825-0465**

