



10 Tax Tips for Freelance Interpreters

Know your income type

Keep track of which agencies are paying you as a W2 employee or a 1099 independent contractor. Only pay quarterly estimated taxes for 1099 income.

Understand tax brackets

Your tax bracket is based on **taxable income**. Your taxable income is different than your total earnings for the year.

Suggestion:

www.irs calculators.com/tax-calculator

Take business deductions

Self-employed taxpayers can deduct certain ordinary and necessary business expenses. Freelancers with more business deductions have a lower net income.

Know deduction rules

There are restrictions on certain business deductions (home office, mileage, meals, etc). Have honest intentions and be familiar with the rules on what you're allowed to write off.

Separate your finances

Open a separate checking account for your business income (1099) and business expenses. This helps you maintain clean records in case of an audit.

Use recordkeeping software

Choose a record keeping system and stick to it! Sync it to your business bank account and track your 1099 income and expenses.

Suggestion: QuickBooks

Choose a trusted tax pro

Just because someone is an EA or CPA, it does NOT mean they are a perfect fit for you. Be picky and find someone who specializes in self-employment taxation.

Understand liability

Becoming an LLC does NOT change how you are taxed by default. Consider the type of protection you need and explore Liability Insurance and LLCs.

Suggestion: www.LLCUniversity.com

Pay your quarterly taxes

By paying quarterlies, you avoid a 6% underpayment penalty and you are less likely to be hit with a huge tax bill in April.

Budget for taxes

Know the number of hours you need to cover personal expenses AND save for quarterly estimated taxes. Save 30% of all 1099 income.

Try my interactive spreadsheet at www.QuickGuideTax.com/resources