

Tax Tips for Writers

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My FAQs

Subscriptions?

Travel?



Do I Need an LLC?

Inventory?



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How to PAY Quarterly Taxes

You might not need to at all. The IRS wants to see 90% of your tax liability paid to them by the end of the year. There are several ways to get there:

1. Increase your withholdings from your "day job" (if you have one) to account for your writing income. This is an especially useful approach if you're just starting out and your profits are relatively small.
2. Set aside 20% of your PROFIT (money in the door minus expenses) to pay at the end of the year, if you're not making a significant amount of money.
3. Send out quarterly payments that equal 20% of your PROFIT for each quarter using form 1040-ES which is available online. The amounts for each quarter don't have to match each other, despite what others might tell you.
4. If you don't want to use a 140-ES, you can make estimated payments online as irs.gov/payments without a form. This portion of the IRS website is surprisingly user friendly.



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My Favorite Writer Deductions (which are often missed)

Equipment

Contractors

Education

Software

Supplies

Advertising



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The Right Tools & Processes Make All the Difference

✓ **Bookkeeping Software**

So many options, but I recommend one of four depending on your situation.

✓ **Use Other Apps to Simplify Your Life**

There are apps for mileage, receipts, and document storage. Even for connecting apps!

✓ **Batch your work**

Plan to look at your records more than once a year – monthly or quarterly is ideal.

✓ **Don't forget about 1099s**

Anyone you pay more than \$600 needs a 1099-MISC by January 31. I suggest Track1099.com.

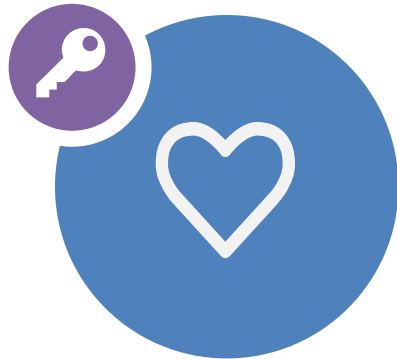
✓ **Run everything through a business account**

Not only does it help for tax purposes, but it also simplifies your bookkeeping.



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Keys to Know When to Hire a CPA



Motivation or Interest

If taxes stress you out, or you just hate them, then hiring a CPA sooner makes the most sense. No need to kill yourself for a task you despise.



Complexity

The best gauge of the complexity is to track your time. Consider hiring a CPA when you run out of time to write because of bookkeeping.



Profits

If your profits exceed \$25,000 as an author, someone should be doing your taxes for you to ensure that you are getting the best results.



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