

Sales tax

As a self-employed individual or business owner, you may be required to collect and remit sales tax to New York State, in addition to estimated income tax.

Sales tax applies to retail sales of certain tangible personal property and services. Tax Bulletins *Do I need to Register for Sales Tax* (TB-ST-175) and *Quick Reference Guide for Taxable and Exempt Property and Services* (TB-ST-740) provide basic, easy-to-understand explanations of sales tax obligations.

Programs and services

The Tax Department has a wide range of programs and services to assist taxpayers in meeting their tax obligations:

- Installment Payment Agreement (IPA)
- Voluntary Disclosure and Compliance Program
- Bureau of Conciliation and Mediation Services
- Offer in Compromise Program
- Technical Assistance and Advisory Opinions
- Office of the Taxpayer Rights Advocate

More guidance from New York State

Visit the Tax Department's website at www.tax.ny.gov (search: *estimated taxes*).

For instructions and worksheets to help calculate estimated tax, and good recordkeeping tips, see:

- Form IT-2105, *Estimated Tax Payment Voucher for Individuals*
- Form IT-2105-I, *Instructions for Form IT-2105, Estimated Tax Payment Voucher for Individuals*
- Form DTF-215, *Recordkeeping Suggestions for Self-Employed Persons*
- Publication 20, *Tax Guide for New Businesses*

For information on sales and use tax, see:

- Publication 750, *A Guide to Sales Tax in New York State*
- Tax Bulletin *Do I Need to Register for Sales Tax?* (TB-ST-175)

Guidance from the IRS

- Visit www.irs.gov for information on federal estimated tax, Social Security, Medicare, and self-employment taxes (search: *self-employed*)
- IRS Publication 505, *Tax Withholding and Estimated Tax*

File your income tax returns for FREE

If your income is \$66,000 or less, you can electronically prepare and file your federal and state income tax returns for free.

To make sure you aren't charged a fee, access the **FREE** e-file software directly from our website at www.tax.ny.gov (search: CO-309).

- E-filing is the fastest, easiest, and safest way to file your return.
- Most e-filers get their refund two weeks sooner than paper filers.

Language access

To increase your access to information, we've translated vital documents on our website into Spanish, Chinese, Russian, Bengali, Korean, and Haitian Creole (search: *language*).

Donate life

Become an organ donor today! To learn more, visit: <https://donatelife.ny.gov/register>.

TAX BASICS

How are you paid for your work and services?



Cash earners, self-employed, sole proprietors, and contracted, freelance, temporary, or per diem workers



Department of
Taxation and Finance

Learn more at
www.tax.ny.gov

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CO-309 (8/19)

Are you self-employed?

Generally, you are self-employed if any of the following apply:

- you carry on a trade or business as a sole proprietor or an independent contractor;
- you are a member of a partnership that carries on a trade or business; or
- you are otherwise in business for yourself (including a part-time business).

Self-employed individuals typically find their own work rather than being provided with work by an employer. They earn income from a service, trade, or business they operate.

Examples of workers who may be considered self-employed include:

- subcontractors, homebuilders, landscapers, plumbers, electricians, mechanics, carpenters, welders, and other trade workers;
- freelancers, such as artists, writers, graphic designers, and musicians;
- nurses and other workers paid by the day or by per diem;
- by-the-job professionals, such as temporary agency workers;
- childcare providers and house cleaners;
- nail salon technicians, beauticians, barbers, and hair stylists;
- restaurant workers, including waitstaff or delivery persons;
- car-service and ride-hailing drivers;
- food-cart and food-truck vendors;
- coaches, referees, and camp counselors;
- consultants, doctors, lawyers, and accountants;
- IT professionals and software developers;
- real estate agents;
- election poll workers; and
- other independent professional workers.

You must report all your income

Employers usually withhold taxes on their employee's wages, submit those taxes, and provide a Form W-2 to their employee at the end of the year.

However, if you are classified as self-employed, you're responsible for:

- keeping track of your income,
- paying the taxes you owe on time, and
- filing an annual income tax return.

You must report all income you receive during the year to the New York State Tax Department no matter how you receive it—by check, cash, direct deposit, prepaid card, or any other method.

Your income may or may not be reported to you on Form W-2 or Form 1099. You may owe tax on income you received during the year, which can be paid by:

- having your employer withhold tax, or
- making **estimated tax payments** yourself.

What is estimated tax?

Estimated tax is the method used to pay tax on income when no tax—or not enough tax—was withheld.

You may be required to make estimated tax payments if:

- you receive income such as interest, dividends, alimony, capital gains, gambling and lottery winnings, prizes and awards, or income from a pension;
- you expect to owe income tax of \$300 or more to New York State, New York City, or Yonkers; or
- you expect to owe income tax of \$1000 or more to the IRS.

When are estimated tax payments due?

Generally, you must make your first estimated tax payment for the year by April 15. You can either pay all your estimated tax with this first payment, or pay it in four equal installments on April 15, June 15, September 15, and January 15.

How to estimate and pay your taxes

You should use Form IT-2105-I, *Instructions for Form IT-2105, Estimated Tax Payment Voucher for Individuals*, to calculate your estimated tax payments.

You can pay electronically, check balances, and view your estimated tax account by creating an Online Services account. Create an Online Services account by visiting our website at www.tax.ny.gov (search: *Online Services*).

You can also pay using Form IT-2105, *Estimated Tax Payment Voucher for Individuals*. This payment voucher is required if you mail your payment.

Penalty for underpayment

You may be charged a penalty on the amount of estimated tax you did not pay or paid late during the year, plus interest. See Form IT-2105.9-I, *Instructions for Form-IT-2105.9 Underpayment of Estimated Tax by Individuals and Fiduciaries*, on our website (search: *estimated taxes*).

Maintain books and records

Maintain good books and records to show income earned and expenses paid each day. The records should contain enough information to correctly determine your gross receipts, self-employed or business expenses, and inventory and asset purchases. **Keep receipts and other documents** that support each entry in your log. Examples include:

- copies of checks or money orders that you received as payments, receipts and invoices for payments you made, credit card statements, and receipts used to pay expenses;
- bank statements, deposit slips, canceled checks, invoices, credit card sales slips, cash register receipts;
- daily ledger that lists cash income, and mileage logs for travel to perform business or self-employed activities; and
- Form 1099-MISC for miscellaneous income received.

You must be able to substantiate entries on your tax return to deduct or claim them, including expenses, deductions, and credits.

You may be asked to produce your records up to three years after you file your return.

