

Taxes on Side Income: My Checklist

The basics aren't complicated, and a little planning now saves worry in April. This is general information, not tax advice – rules change and your situation matters, so check with the IRS or a tax preparer.

From day one

- ☐ I know all side income must be reported – even part-time, cash, and even without a tax form (IRS Gig Economy Tax Center).
- ☐ I write down every payment and every cost (see Step 5's record log).
- ☐ I keep receipts in one envelope or folder.
- ☐ Each time I'm paid, I move a share into a separate "tax" envelope or account.
- ☐ In payment apps, I mark money from friends and family (shared meals, gifts, paybacks) as personal.

Forms I might receive

- ☐ Form 1099-NEC from a business that paid me for work (for payments made in 2026, the reporting threshold rose to \$2,000 – I still report income below it).
- ☐ Form 1099-K from a payment app or marketplace (required above \$20,000 across more than 200 transactions, though I may get one for less).

Self-employment tax

- ☐ I know self-employment tax is 15.3% (12.4% Social Security + 2.9% Medicare) once net earnings reach \$400 in a year.
- ☐ My profit goes on Schedule C and the self-employment tax on Schedule SE.

During the year

- ☐ If I expect to owe \$1,000 or more, I make estimated tax payments in four installments using Form 1040-ES (due dates are on the form).
- ☐ I've checked how side income affects my Social Security, SSI, Medicaid or housing help (see Step 3).
- ☐ I'll ask a tax preparer if I'm unsure - and bring my records.