

About Grow Brooklyn



Grow Brooklyn's mission is to enable families to grow and preserve their assets, thereby securing their economic future.

We provide the following services:

- Our Legal Services, including:
 - Estate Planning
 - Surrogate's Court Proceedings
- Foreclosure Defense
- Financial Coaching
 - Pre-purchase, Foreclosure Prevention
 - Budgeting, Credit Literacy, Setting financial goals
- Free Tax Prep
 - For Families and Individuals also known as VITA;
 - SETP for self-employed and small business owners

Contact Us



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Tax Filing and Recordkeeping for Self-Employed Filers



Goals of the Workshop

To understand and learn:

- Tax filing obligations of self-employed individuals and small business owners
- Best practices for tax filing
- Taxable income, credits, and deductions
- Effective recordkeeping skills
- Benefits of filing taxes to achieve financial goals

Agenda

Welcome and Introductions

Module 1: Tax Filing Obligations

Break

Module 2: Taxable Business Income

Break

Module 3: Common Deductions and Credits

Module 4: Recordkeeping Best Practices

Break

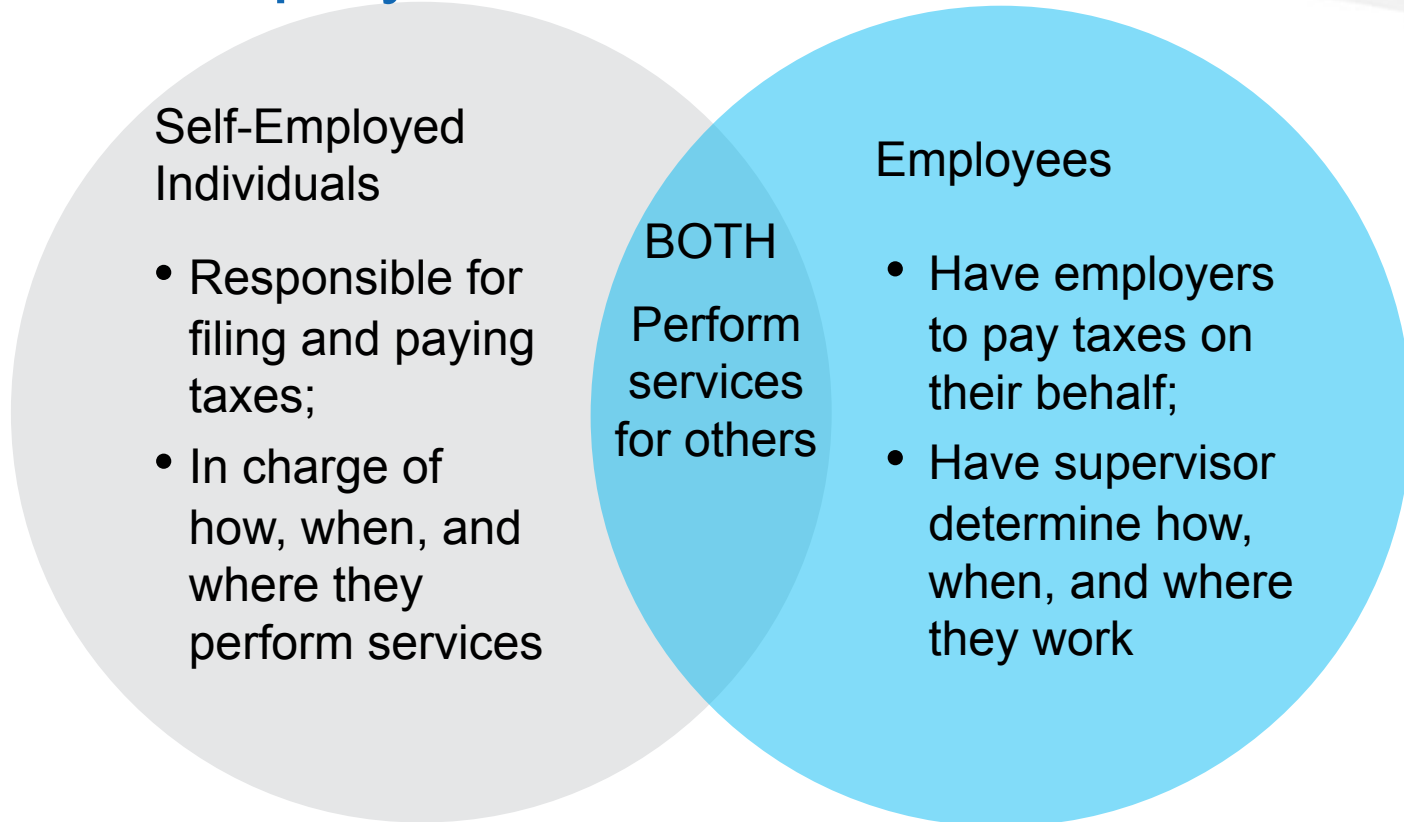
Module 5: Financial Health

Wrap Up

Goals for Module 1: Tax Filing Obligations

- Understand the differences between self-employment and employment and how each type of work affects a person's tax filing obligations
- Understand best practices for tax filing

How Are Self-Employed Individuals Different From Employees?



What Are the Definitions for Self-Employed Individuals and Employees?

A **self-employed individual** is someone who works for themselves, rather than for an employer. They operate their own business or engage in freelance work and manage how and when they do their work.

An **employee** is a person who works for an employer in exchange for a set salary. An employee's job duties, work hours, and compensation are set by the terms of their employment.

Case Study: Meet Micah



I've been working as a **manager at a coffee shop**. Recently, I started doing **gigs through TaskRabbit**. I need to know how to file my taxes. I'm going to need some help...

Micah needs to learn about tax filing as an employee AND as a small business owner. Let's help him.

What Tax Forms Will Micah Need to Start His Work?

W-4

Micah will receive a **W-4** from the **coffee shop**.



W-9

Micah will need to complete a **W-9** for his **gig work**.

What Tax Forms Will Micah Need at the End of the Tax Year?

W-2

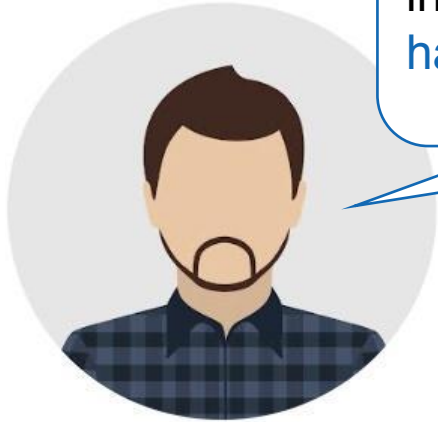
Micah will receive a **W-2** for his work as a **coffee shop manager** which will list his earnings and the taxes his employer paid on his behalf.



1099-NEC

Micah will receive a **1099-NEC** for his gig work through TaskRabbit which will list his earnings as an **independent contractor**.

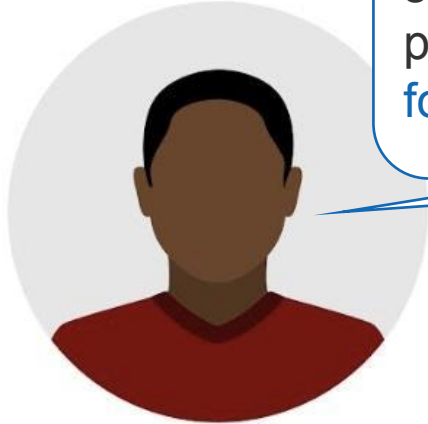
Micah's Extra Income



I also provided driving services to an individual client. I made \$552. Do I have to report the income?

YES! Micah won't receive a 1099-NEC because he made less than \$2000, which is the threshold. He must report ALL income.

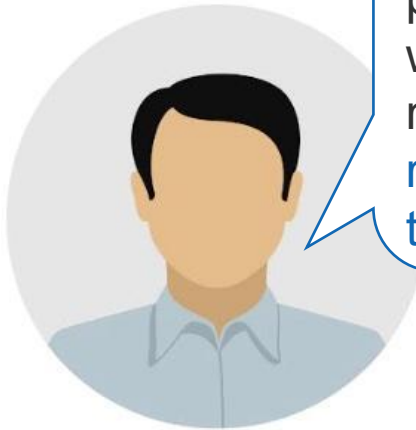
Test Your Tax Form Knowledge



Hi, I'm Ross. I'm a painter. I provide painting services for three different clients. I also work part time for a paint company. **What tax forms will I receive at the end of the year?**

- ✓ A 1099-NEC for his own painting business AND
- ✓ A W2 from the paint company

Test Your Tax Form Knowledge



Hi, I'm Devin. I rent a chair at a hair salon and provide services to clients who book directly with me. My clients pay me directly in cash. I made less than \$2000. What tax forms will I receive from the hair salon at the end of the year?

The hair salon will NOT send Devin any tax forms.

Test Your Tax Form Knowledge

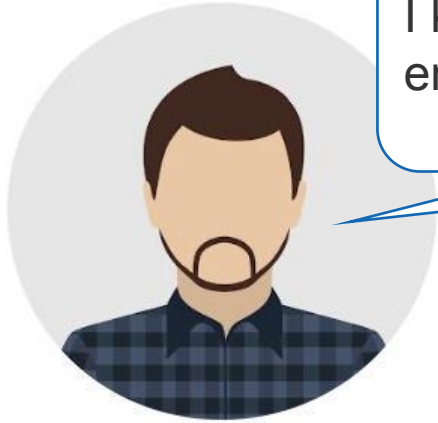


Hi, I'm Tina. I provide cleaning services for commercial and residential clients. I choose my own hours and control how I complete the work. **What tax forms will I receive at the end of the year?**



Tina will receive a 1099-NEC for her cleaning business.

Continuing Micah's Journey



I know which tax forms I will receive at the end of the year. What do I do with them?

Micah needs to learn how to use the forms he received to file a tax return and begin paying estimated taxes. Let's help him.

Tax Forms Micah Must File at the End of the Year

- ❑ IRS Tax Form 1040 – Personal Federal Income Tax Return
- ❑ New York State Tax Form IT-201 – New York State Resident Income Tax Return
- ❑ New York City Tax Form NYC-202 – Unincorporated Business Tax Return for Individuals and Single-Member LLCs

What Are Estimated Taxes?

- Estimated Taxes are quarterly payments that you make to the federal (IRS) and NY state throughout the year if you're self-employed. Micah will need to do this for his gig work.
- Employees who receive W2s do not have to pay estimated taxes because their employer withholds and pays taxes. This is what the coffee shop does for Micah.

When Are Estimated Taxes Due?

- Estimated taxes are **due on a quarterly basis**. You pay both federal (IRS) and NY State estimated taxes for the net income generated in the previous quarter.
- Estimated Tax **Deadlines for 2026***:
April 15, 2026 | June 15, 2026 | September 15, 2026 |
January 15, 2027

Reminder: If you owe estimated taxes, you must pay **both** federal and state estimated taxes.

*Tax deadlines are subject to change.

What Is the Federal Estimated Tax Rate?

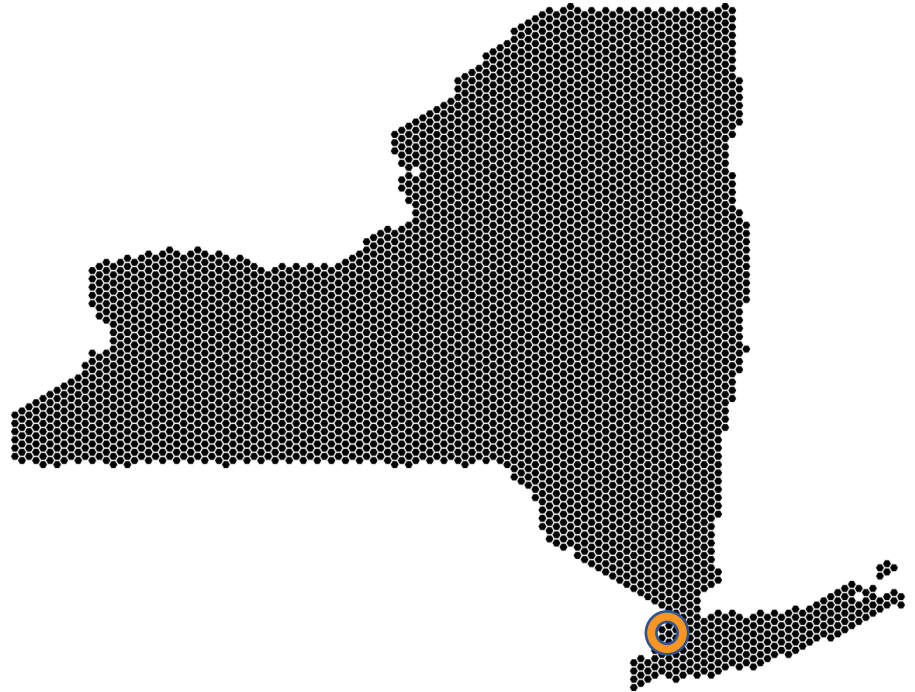
The federal self-employed tax rate is **15.3%***. It is broken down into two parts: Social Security and Medicare.

	Social Security Tax	Medicare Tax
W2 Job	Employer pays 6.2%* Employee pays 6.2%*	Employer pays 1.45%* Employee pays 1.45%*
Self-Employed Work	Small Business Owner pays 12.4%*	Small Business Owner pays 2.9%*

* Percentages are subject to change.

What Forms Are Required for New York State and City Estimated Taxes?

- New York State requires all residents to file [Form IT-201](#).
- New York City requires all unincorporated NYC businesses to file [Form NYC-202](#).



What Are New York State Tax Rates?

NYS Tax Rate*	Single Filer Income	Married Filing Jointly Income
4.00%	\$0 - \$8,499	\$0 - \$17,149
4.50%	\$8,500 - \$11,699	\$17,150 - \$23,559
5.25%	\$11,700 - \$13,899	\$23,600 - \$27,899
5.50%	\$13,900 - \$80,649	\$27,900 - \$161,499
6.00%	\$80,650 - \$215,399	\$161,500 - \$323,199
6.85%	\$215,400 - \$1,077,549	\$323,200 - \$2,155,349
9.65%	\$1,077,550 - \$4,999,999	\$2,155,350 - \$4,999,999
10.30%	\$5,000,000 - \$24,999,999	\$5,000,000 - \$24,999,999
10.90%	Over \$25,000,000	Over \$25,000,000

*Rates are based on income and filing status. Rates are subject to change.

Micah's Tax Filing Question



If I pay estimated taxes on a **quarterly basis**, do I have to file and pay taxes **annually**?

Great question!

Yes, Micah must file annual taxes.

He'll report the income and expenses for his gig work and his estimated tax payments. He'll also report the income and taxes paid on his W-2 from the coffee shop. After he files, he might get a refund!

Goals for Module 2: Taxable Business Income

- Understand taxable business income
- Learn to calculate taxable business income in order to estimate how much tax is owed

What Is Taxable Business Income?



Micah made \$40,000 from his TaskRabbit gigs.

Micah paid \$10,000 in business expenses.

After expenses, Micah's net income is \$30,000.

Business Income

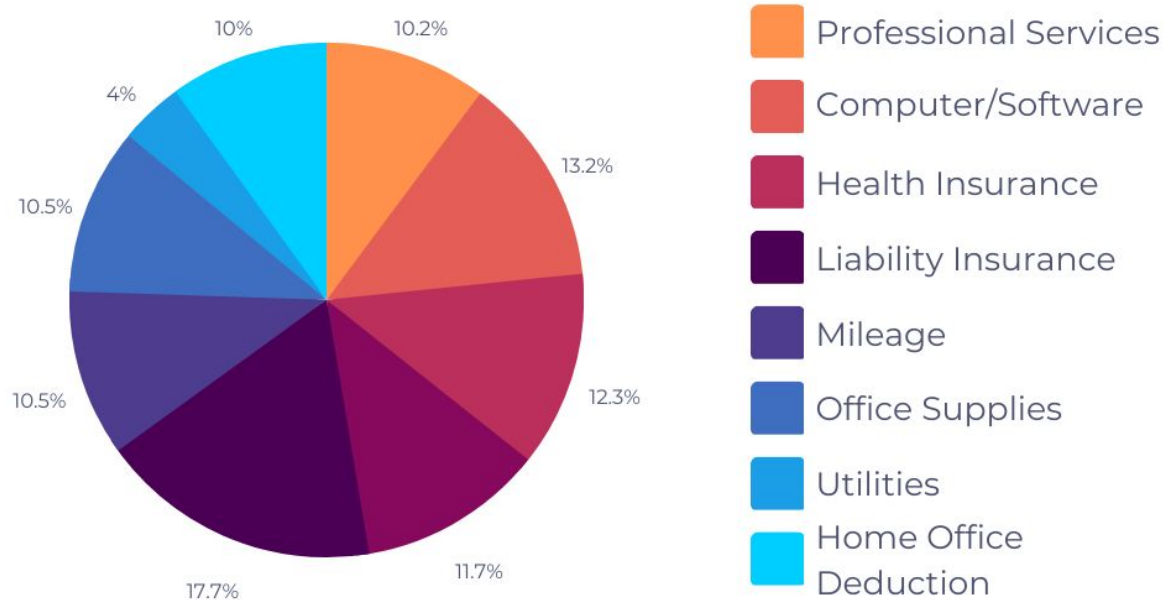
Business Deductions

Taxable Business Income

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Examples of Common Business Expenses



* Numbers on the chart are hypothetical. Exact amounts and which deductions apply will vary by the type and size of the business.

Practice Calculating Taxable Income

Date	Description of Service	Pay Method	Earned Income
01/10/2025	PAINT SERVICES	CASH	\$720.00
01/12/2025	REPAIR SERVICES	VENMO	\$410.00
		SUBTOTAL	\$1,130.00

Date	Description of Expense	Category	COST (\$)
01/10/2025	PAINT SUPPLIES	SUPPLIES	\$125.00
01/12/2025	THUMB TACK	ADVERTISING	\$52.00
		SUBTOTAL	\$177.00

Total Income	Total Expense	Taxable Income for January 2025
\$1,130	\$177	\$953

Goals for Module 3: Common Deductions and Credits for Small Business Owners

- Identify common deductions and credits
- Understand how deductions and credits can help you save money on taxes

Tax Deductions and Credits

Deductions

- A tax deduction reduces the total amount of your taxable income **before** you calculate how much tax you owe.
- You can plan tax deductions **before** you file your taxes.

Credits

- A tax credit reduces the total amount of taxes you owe dollar for dollar. It reduces your total taxes at the end of the year **after** you file.
- The IRS has a different calculation for each type of credit **after** you calculate your taxes.

Tax Credits

Tax credits can help reduce the amount of income tax you owe. Some tax credits are **refundable** tax credits, which can increase your tax refund amount if you owe less than the credit amount. Examples of refundable or partially refundable IRS tax credits include:

- Earned Income Tax Credit (EITC)
- Child Tax Credit (CTC)
- Child and Dependent Care Credit (CDCC)

Common Tax Deduction Questions

Can I deduct the cost of my work phone?

Yes, if your phone is used only for your business. If it is also your personal phone, you may not deduct it.

Can I deduct the cost of my car insurance?

Yes, if your car is used only for your business. You may also deduct registration fees and mileage.

Can I deduct the cost of my home office?

Yes, if it is a separate room and used only for business. You may also deduct supplies and other expenses.

Special Tax Deductions

- ☐ Your business is your primary source of income
- ☐ Your work is done in the U.S.

Qualified Business
Income
(QBI) Deduction

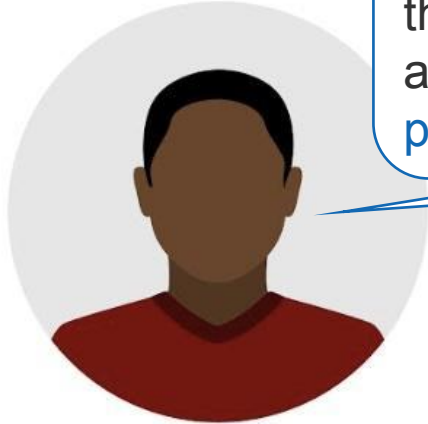
- ☐ You use your home for your business
- ☐ You use your home office regularly and exclusively for business

Simplified Home
Office Deduction

- ☐ You provide daycare services for children, people aged 65 or older, or others who are mentally or physically unable to care for themselves

Home Office
Deduction For
Daycare Facilities

Test Your Tax Deductions Knowledge



Hi, I'm Ross. I'm a painter. I buy painting supplies and provide painting services for three different clients. I also work part time for a paint company. Can I deduct the cost of my painting supplies?

✓ Yes. Painting supplies are tax deductible because they are part of Ross' business expenses.

Test Your Tax Form Knowledge



Hi, I'm Devin. I often buy myself lunch when I'm traveling between my gigs. Can I deduct the cost of my lunches?

No. Devin's lunches are not tax deductible.

Goals for Module 4: Recordkeeping Best Practices for Small Business Owners

- Understand effective recordkeeping
- Practice record keeping skills to track income and expenses

Benefits of Good Record Keeping

- Monitor the progress of your business
- Prepare your financial statements
- Identify sources of your income
- Keep track of your deductible expenses
- Keep track of your basis in property
- Prepare your tax returns
- Support items reported on your tax returns

Keep copies of all your income and expense receipts for a minimum of 6 years for all tax situations.

Tips for Good Recordkeeping

- Set calendar reminders on your computer or phone to stay up to date with your estimated tax payments.
- Set aside time each week to do your income and expense tracking.
- Take pictures of paper receipts and save copies of electronic receipts. Make notes on receipts to remember expense details.
- Keep your space organized
- Income and Expense Tracker

Tips for Good Recordkeeping

- Open a separate bank account for business purposes. This can be a second personal bank account if you are a sole proprietor.
- Set aside separate cards for personal and business transactions if you use a credit or debit card.
- Review credit card and bank account transactions regularly. This also helps prevent becoming a victim of scams or fraud.

Test Your Tax Form Knowledge



Hi, I'm Tina. I provide cleaning services for commercial and residential clients. I choose my own hours and control how I complete the work. I'm meeting a potential client for coffee to discuss a project. **Can I deduct the cost of coffee as a business expense?**

✓ Yes. Tina can deduct the cost of coffee as a business expense because this is a business meeting.

Practice Session



Goal for Module 5: Financial Health for Small Business Owners

- Understand the benefits of filing taxes to achieve financial goals

Benefits of Regular Tax Filing

- Keep track of your income and expenses
- Demonstrate reliable income source to build and improve credit
- Can be used as proof to qualify for certain small business capital programs

When May I Need Tax Documents?

Event	Required Documents*
Purchasing or Renting a Home	<ul style="list-style-type: none"><li data-bbox="633 361 948 401">☐ Tax returns<li data-bbox="633 423 1070 464">☐ Bank statements
Renting a Place for My Business	<ul style="list-style-type: none"><li data-bbox="633 499 948 539">☐ Tax returns<li data-bbox="633 561 1518 601">☐ Current year profit and loss statement
Registering My Business as MBE or MWBE	<ul style="list-style-type: none"><li data-bbox="633 636 948 677">☐ Tax returns<li data-bbox="633 698 1070 739">☐ Bank statements
Expanding My Business	<ul style="list-style-type: none"><li data-bbox="633 826 948 867">☐ Tax returns<li data-bbox="633 888 1070 929">☐ Bank statements<li data-bbox="633 951 1518 991">☐ Current year profit and loss statement

*Additional documents may be required.

Types of Documents

Tax Documents	Sole Proprietors	All Other Business Types
Personal tax returns for the past two years	X	X
Title deeds on personal real estate as possible collateral, if applicable	X	X
Business tax returns for the past two years		X
Business Financial Statements (proof of business activity)		
Bank statements from the previous six months (personal and business bank statements, as applicable)	X	X
Current balance sheet	X	X
Profit and loss statement for the past year	X	X
Accounts receivable statement (if applicable)	X	X
Payroll records from the past six months (if applicable)		X
Legal Business Documentation		
Tax ID number (called an Employee Identification Number, or EIN, on tax form W-9)	X	X
All relevant business licenses and permits (if applicable)	X	X
Articles of Incorporation, Shareholders Agreement, LLC Agreement, Partnership Agreement, Doing Business As filing, or similar		X

Wrap Up



Consumer and
Worker Protection



Key Takeaways

- File your taxes to report your income
- File and pay your estimated taxes
- Keep good records to track and support the growth of your business

Learn more about NYC Free Tax Prep
311 | nyc.gov/taxprep

Thank You!

NYC

Consumer and
Worker Protection

NYC
FREE
TAX PREP

Follow Up Survey

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Q&A



During this time, we encourage all participants to ask any general questions that they may have on the information that was provided in this program! If you have specific questions about your tax situation, stick around until the end of the workshop for more info.



<https://bit.ly/GBworkshopsurvey>

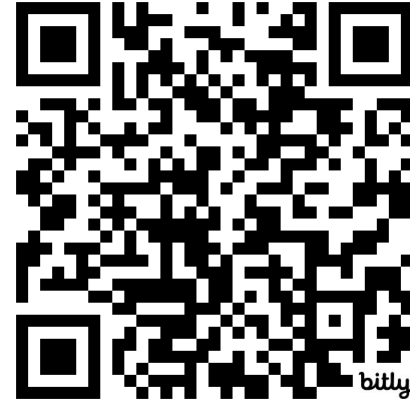
In the meantime, while you wait to ask your question, or if you do not have one, we ask that you complete this short survey so that we can continue to grow and provide this valuable information to the community.

Next Steps:

**FREE
1-on-1
Consultation
&
Tax Prep/Filing**



Still have more in-depth questions about your specific tax situation that weren't answered today?



<https://bit.ly/1-on-1-SETP>

Go to the link above or scan the QR code to register for Grow Brooklyn's FREE 1-on-1 consultations for self-employed filers where you can meet with our knowledgeable IRS-certified tax preparers who will provide you with **personalized assistance and tools regarding YOUR specific tax situation.**

