

Which Notary Fees Are Taxable?

As a notary public, how can you know what amount of the fees you receive for your notarial services are taxable? Depending on how you use your notary commission to support your career you may receive little or no payment on a day to day basis from notary services or you may have earned a considerable amount of money from notary work by the end of the calendar year. Notaries are public servants and, as such, are required to comply with every reasonable request for notarization which they receive. Nevertheless, notaries receive minimal compensation for everyday notarizations. While states such as California, Florida, New Hampshire and Washington allow notaries to charge up to \$10.00 for common notarizations, most states' fees range from \$2.00 to \$5.00 for each acknowledged signature. Notaries who receive training to perform as Notary Signing Agents are able to receive much greater compensation. Signing agents may receive, on average, amounts ranging from \$50.00 to \$250.00 per job depending on the hiring company, the type of transaction or the distance the notary must travel to the signing location. An accurate tax return will depend on you, the notary, keeping track of all of the income you receive for the entire calendar year and understanding your status as viewed by the Internal Revenue Service.

Notary fees (the amounts received for specific notarial tasks such as taking an acknowledgment or jurat) are not subject to Self-Employment taxes. Notaries who simply perform an occasional notarization from time to time at their home or office and charge the statutory fee as allowed by the laws of their individual state will have no need to report their notary fees on their income tax returns. They would insert the term EXEMPT NOTARY on line 56 of Form 1040 and process the remainder of their tax return as usual. Notaries who perform as signing agents are considered independent contractors; their income from notary assignments is taxable and subject to self-employment tax and federal and local income taxes. Notaries and signing agents who earn over \$400 a year from Notary assignments or tasks must file a 1040 Form Schedule C where their self-employment income will be reported along with their expenses and deductions. The income from Notary assignments includes the income received from lenders, notary agencies and title companies, as well as the travel fees charged to individuals who request that the notary travel to their location. Many notary journals have an area for notary fees; some notaries prefer to keep a separate log which reflects mileage, notary invoice amounts and the number of notarizations performed for each assignment. The number of notarizations is multiplied by the statutory fee for the type of notarization; that amount is placed on Schedule SE on the dotted line to the left of line 3 with the term EXEMPT NOTARY then subtracted from the total of all self-employment income. Filing a correct tax return should not be intimidating if accurate records are kept from the beginning of the year and maintained carefully and consistently all year long. These records will greatly assist in calculating the notary's tax liability or may be handed over to an accountant or tax preparer who can then receive a clear picture of the notary's tax situation.