



Ridesharing Driver Tax Reporting and Deduction Information

Good to know:

As a **Ridesharing Driver** you are likely to be treated as an **independent contractor** as oppose to an employee of *Uber* or *Lyft*. This means that when it comes to income taxes you will report and file as self-employed for all income that was generated from your work as a Ridesharing Driver. You will receive two 1099 forms that will report the income from your rideshare driving. The **1099-K** reports ride payments and the **1099-Misc** reports bonus and referral payments.

It is important to know that you will **not** have any taxes withheld from money earned throughout the year. This means that at the end of the year you are responsible for all of your Social Security and Medicare taxes, along with, Federal, State & Local taxes. Don't be afraid or feel like you are paying more taxes than a normal wage earner because this is not the case. You are simply paying these taxes all at once as oppose to throughout the year. The amount of these taxes paid is based off of your **NET INCOME** not your **GROSS INCOME**. It is important to keep track and document all expenses related to your work as a Ridesharing Driver. Your qualified expenses (detailed later) are reduced from your gross income to give you your net income amount. The more we can reduce from the gross income the lower the net income and the lower the taxes paid.

Keeping Track of Mileage and Automobile Expenses:

Your major expense will likely be automobile expenses. It is important to know how writing off this expense works and how to properly document it.

First--- it is important to **keep track of your business vehicle mileage**. A mileage log or journal is essential to maintain. You can find an auto mileage log at office max, office depot, or print one out from our Help and Links page on the Downey Tax Company website (<http://www.downeytaxcompany.com/help-and-links.htm>).

In the log you want to indicate the vehicle owner information, vehicle information, and a beginning and end of year odometer reading. From there just keep track of your business miles, along with dates and purpose of mileage driven. Business miles generally include driving ridesharing customers, and driving to "hotspots" or surge areas from a dead zone or home. Do not include personal purpose miles such as running errands or visiting friends and family. Even if you are logged in and available as an Uber or Lyft driver at the time personal purpose miles were driven, they do not count as business mileage.

Now that you have your business miles tracked we can get in to the actual automotive expenses. This would include things like your gas, general maintenance, etc. Keeping track of your actual expenses is optional but is something we highly encourage. It is optional because you may elect to just keep track of business mileage and take the business mileage deduction at the end of the year, rather than keeping track of the actual expenses. Having a record of your actual expense is good business practice. The actual expenses are calculated at a percentage rate based on business usage of the vehicle. You may take the actual expense deduction or mileage deduction at the end of the year but not both.

If you have any questions or need further assistance please feel free to call or email us!

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Ridesharing Driver Expenses	Business Vehicle Expenses	General Small Business/Self Employed Info& Expenses
Cell Phone \$ /mo	<i>Vehicle Description</i>	INCOME:
GPS \$	<i>Make:</i>	1099-K \$
Water for passengers \$	<i>Model:</i>	1099-Misc \$
Other passenger treats \$	<i>Year:</i>	Cash Tips \$
Air fresheners \$	Business miles:	TOATL INCOME \$ _____
Sunglasses \$	All other miles:	
First Aid Kit \$	<u>Total combined miles:</u>	
Comfort & Support Braces \$		
Mobil tool kit \$	Gas \$	General Business Expenses:
Seat Comfort & Support\$	Oil and lubrication \$	Marketing & ads \$
Mobil hotspot \$	Tires and Batteries \$	Subscriptions \$
Music Subscriptions \$	Other Maintenance \$	Dues and fees \$
Other:	Repairs \$	Insurance (business) \$
\$	Garage rental \$	Equipment purchase \$
\$	Auto Club Fees \$	Internet/fax/cell \$
\$	Wash and polish \$	Legal & professional \$
\$	Insurance (auto) \$	Repairs \$
\$	Interest (on car note) \$	Seminar & tradeshow \$
\$	Licenses \$	Supplies \$
\$	Personal property tax \$	Travel \$
\$	Parking fees (business only) \$	Postage & shipping \$
\$	Road Tolls (business only) \$	Contract labor & wage \$
\$	Other _____ \$	Office expenses \$