BILL'S HOME TECH

Home & Small Business Tech Solutions

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Getting Paid for a Side Gig: PayPal, Venmo, and Zelle

PayPal, Venmo, and Zelle — taking payments and the tax basics

Tech Made Simple. Service Made Personal.

Bill Davis — Bill's Home Tech

(330) 200-8042 · bill@billshometech.com · Atwater, Ohio

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THE 60-SECOND VERSION

1 The 60-Second Version

Getting paid, in a breath.

Here's the whole thing in brief. To get paid for a side gig, the popular apps are PayPal, Venmo (owned by PayPal), and Zelle. PayPal and Venmo both let you take 'goods and services' payments — the right type for business — which give the buyer some purchase protection and charge you (the seller) a small percentage fee; they also have 'friends and family' (personal) payments, which are free but are meant for paying back friends, not for business, and don't include protection.

For a side gig, use goods-and-services payments, not the friends-and-family type. Zelle is different: it moves money directly bank-to-bank, is typically free, and is fast — but it has no built-in buyer or seller protection and no 'business' setting, so it's more like digital cash; it's fine with customers you trust, but offers no recourse if something goes wrong.

On fees: goods-and-services payments on PayPal/Venmo cost the seller a small percentage of each payment; Zelle is usually free. On taxes — and this is the big one — money you earn from a side gig is taxable income whether or not you receive any tax form, and whether you're paid by app, cash, or check.

You may receive a tax form called a 1099-K from a payment app if your business payments reach a certain threshold (the dollar amount has changed over time — confirm the current threshold), but getting or not getting that form doesn't change the rule: report your income and keep good records of what you earn and your related expenses.

Personal payments (a friend repaying you, gifts) are not income. This is general info, not tax advice — check current IRS guidance or a tax pro for your situation. (Fees, features, and thresholds change — confirm current details.)

- PayPal & Venmo take 'goods and services' payments (right for business): buyer protection + a small seller fee. Their 'friends and family' payments are free but for

personal use only — not business, no protection. Use goods-and-services for your gig.

- Zelle moves money bank-to-bank, usually free and fast, but has no built-in protection and no business setting — like digital cash. Fine with trusted customers; no recourse if something goes wrong.
- Fees: goods-and-services payments charge the seller a small percentage; Zelle is usually free.
- Taxes (the big one): side-gig earnings are taxable income whether or not you get a tax form. You might get a 1099-K from an app if business payments hit a threshold (the amount has changed — confirm current), but report income regardless and keep records. Personal payments/gifts aren't income. General info, not tax advice.

> **GOOD TO KNOW**
>
> The big picture: use PayPal or Venmo 'goods and services' payments for your side gig (buyer protection, small seller fee) — not the free 'friends and family' type, which is for personal use. Zelle is free and fast but has no protection or business setting (like digital cash). On fees, G&S costs a small percentage; Zelle is free. On taxes, side-gig income is taxable whether or not you get a 1099-K form — keep records and report it; personal payments and gifts aren't income. General info, not tax advice — check current IRS guidance or a tax pro.

THE APPS

2 The Apps: PayPal, Venmo, and Zelle

How each one works for a side gig.

The three most common apps work a bit differently, and knowing the differences helps you pick the right one(s) and use them well for taking payments.

How each app works

- PayPal — widely used and trusted, works with most customers, and has a proper business option. It offers 'goods and services' payments (with buyer protection and a seller fee) and lets you create a business account, send invoices, and more. Good for a side gig that wants a business-like setup.

- Venmo — owned by PayPal, very popular especially for casual and younger customers, with a social, easy feel. It also offers 'goods and services' payments for business (protection + fee) and business profiles. Convenient if your customers already use Venmo.
- Zelle — built into many banks' own apps, it moves money directly from one bank account to another, usually instantly and for free. There's no separate app balance; it's just bank-to-bank. But it has no buyer/seller protection and no business setting — it's essentially digital cash.
- Others exist too — Cash App and others work similarly to Venmo; the same principles (business vs. personal, fees, taxes) apply. Pick what your customers use.
- You can offer more than one — many side-giggers accept a couple of apps so customers can use whichever they have. Just keep your records together.
- Check current features — apps update their features, business options, and limits; confirm the current details when you set up.

Choosing the right tool to get paid

PayPal, Venmo, and Zelle are the three apps most side-gig earners reach for, and while they all move money, they suit slightly different situations. PayPal is the most established and business-oriented of the three: it's widely used and trusted, works with most customers, and offers a proper business setup. With PayPal you can take 'goods and services' payments that include buyer protection and charge you a seller fee, create a business account, send professional invoices, and accept cards — which makes it a strong choice if you want your side gig to operate in a more business-like way.

Venmo, which is owned by PayPal, is enormously popular — especially among casual and younger customers — and has a friendly, social, very easy feel that many people already use daily. Like PayPal, Venmo offers 'goods and services' payments for business (with protection and a fee) and business profiles, so it's a convenient option when your customers already have Venmo on their phones.

Zelle is the different one: rather than being a separate payment service with its own balance, it's built directly into many banks' own apps and moves money straight from one person's bank account to another's, usually instantly and for free. That makes it fast and cheap, but it comes with an important trade-off: Zelle has no built-in buyer

or seller protection and no 'business' setting, so it functions essentially like digital cash — great for convenience with customers you trust, but offering no recourse through the app if a payment or transaction goes wrong.

Beyond these three, apps like Cash App work much like Venmo, and the same principles apply across all of them: the distinction between business and personal payments, the fees, and the tax treatment. Many side-gig earners simply offer a couple of options — say PayPal or Venmo plus Zelle — so each customer can pay with whatever they already use, which removes friction and helps you get paid.

If you do offer several, just keep your records together so you have a complete picture of your earnings. The practical way to choose is to consider what your customers are likely to have and how business-like you want to be: PayPal for the fullest business features, Venmo for casual ease and wide adoption, Zelle for free, fast bank-to-bank payments with trusted customers.

Because the apps update their features, business options, and limits over time, it's worth confirming the current details when you set up your accounts. (App features and options change — confirm current specifics when you sign up.)

GOOD TO KNOW

Match the app to your customers and how business-like you want to be: PayPal for the fullest business features (invoices, business account, card acceptance); Venmo for casual, widely-used ease; Zelle for free, fast, bank-to-bank payments with customers you trust (no protection, like digital cash). Offering two options — say PayPal or Venmo plus Zelle — lets each customer pay with what they already have, so you get paid with less friction. If you accept several, keep your records together for a complete earnings picture. Cash App and others work like Venmo; the same rules apply.

BUSINESS VS. PERSONAL

3 Goods and Services vs. Personal Payments

The difference that matters.

On PayPal and Venmo, there's an important choice between a 'goods and services' payment and a 'friends and family' (personal) payment — and for a side gig, this distinction matters for protection, fees, and honesty. Here's what to know.

The two payment types and when to use each

- Goods and services (business) — this is the payment type for selling something or providing a service. It gives the buyer purchase protection (recourse if the item/service isn't as described or doesn't arrive) and charges the seller a small percentage fee. For your side gig, this is the correct type.
- Friends and family (personal) — this is for sending money to people you know (splitting a dinner, repaying a loan, a gift). It's free (from a balance/bank), but it's not meant for business and includes no purchase protection.
- Don't use 'friends and family' for business — it may seem tempting to avoid the fee, but using personal payments for business goes against the apps' terms, leaves your customer with no protection, and can cause problems (including account issues). Use goods-and-services for sales.
- Zelle has no such choice — Zelle doesn't have a goods-and-services option; all transfers are like personal payments with no protection, which is why it's best with trusted customers.
- Protection cuts both ways — goods-and-services protects the buyer, and as a seller you have some seller protections too, but also responsibilities; it's the legitimate framework for selling.
- Keep business and personal separate — consider using a business profile/account for your gig to keep business payments distinct from your personal money, which also helps at tax time.

Why the payment type is worth getting right

One of the most important practical points for getting paid through PayPal or Venmo is choosing the right type of payment, because both apps offer two kinds and they serve very different purposes. A 'goods and services' payment is the business type:

it's designed for when someone is buying a product from you or paying for a service, and it comes with purchase protection for the buyer — meaning they have recourse through the app if, say, an item never arrives or isn't as described — in exchange for a small percentage fee charged to you, the seller.

For your side gig, this is the correct and proper type to use. The other type, 'friends and family' (a personal payment), is meant for sending money to people you personally know — splitting a restaurant bill, paying back a friend, giving a gift — and it's free when funded from your balance or bank account, but it deliberately includes no purchase protection because it isn't intended for commercial transactions.

It can be tempting to ask customers to pay you as 'friends and family' to dodge the seller fee, but this is a mistake for several reasons: it goes against the apps' terms of service for business use, it leaves your customer with no protection (which isn't fair to them and can erode trust), and it can cause problems for you, including potential account restrictions if the apps determine you're running business through personal payments.

The small fee on goods-and-services payments is simply the cost of doing business legitimately, and it buys the protection and proper framework that make customers comfortable buying from you. Zelle, by contrast, doesn't offer this choice at all: every Zelle transfer is effectively a personal, bank-to-bank payment with no protection and no business designation, which is precisely why Zelle is best reserved for customers you know and trust, where the lack of recourse isn't a concern.

It's also worth noting that goods-and-services doesn't only protect the buyer — as a seller you have certain seller protections as well, along with responsibilities, and the whole arrangement is the legitimate, above-board way to sell, which protects you too. Finally, a smart practice is to keep your business and personal money separate by using a business profile or account for your side gig rather than mixing gig income into your personal payment activity.

This not only keeps things clean and professional but also makes your life much easier at tax time, when you'll want a clear record of what you earned from the business. In short, use goods-and-services payments for your side gig, accept the

modest fee as the cost of doing it right, and keep business separate from personal — it protects your customers, keeps you in good standing with the apps, and makes your record-keeping cleaner. (The apps' exact terms and protections change over time, so confirm current specifics with each app.)

WATCH OUT

Don't ask customers to pay as 'Friends and Family' to dodge the seller fee. Using personal payments for business goes against the apps' terms, leaves your customer with no purchase protection, and can get your account restricted if the app sees business run through personal payments. Use 'Goods and Services' for sales — the small fee is the cost of doing it right, and it buys protection and legitimacy. (Zelle has no business/protection option at all — all transfers are like personal payments, so reserve it for trusted customers.) Keeping a business profile separate from personal also helps at tax time.

TAXES

4 The Tax Basics (General Info, Not Advice)

What to know about side-gig income.

The tax side of a side gig trips a lot of people up, so here are the basics in plain English. The single most important thing to understand is simple, and this is general information to orient you — not tax advice; for your situation, check current IRS guidance or a tax professional.

The tax basics for side-gig income

- Side-gig income is taxable — the core rule: money you earn from a side gig is taxable income, whether you're paid by app, cash, or check, and whether or not you receive any tax form. Getting or not getting a form doesn't change whether the income is taxable.
- You may get a 1099-K — payment apps may send you a tax form called a 1099-K reporting your business (goods-and-services) payments if they reach a certain dollar threshold for the year. The IRS also gets a copy.

- The threshold has changed — the dollar amount that triggers a 1099-K has changed over time and been the subject of shifting rules, so the current threshold is something to confirm. Regardless of the threshold, your income is taxable.
- A 1099-K isn't a bill — if you get one, it's just reporting payments you received; it doesn't by itself mean you owe that amount in tax. You report income and subtract legitimate business expenses to figure your taxable profit.
- Keep records — track what you earn and your related expenses (supplies, materials, mileage, fees, etc.). Good records let you report accurately and claim legitimate expenses, which reduce your taxable profit.
- Personal payments aren't income — money from friends repaying you, splitting a bill, or gifts is not taxable income. This is another reason to keep business (goods-and-services) payments separate from personal ones.
- Self-employment taxes may apply — side-gig profit can be subject to self-employment tax (Social Security/Medicare) as well as income tax, and you may need to handle estimated taxes. A tax pro can guide you.

Understanding the tax picture, in plain terms

Taxes are where many side-gig earners feel uncertain, so it helps to anchor on the one rule that matters most: money you earn from a side gig is taxable income, full stop — regardless of how you're paid (app, cash, or check) and regardless of whether you receive any tax form. This is the key thing to internalize, because a common misconception is that income only 'counts' if you get a form for it, which isn't so.

Now, you may indeed receive a form: payment apps can send you a '1099-K,' which reports the total of your business (goods-and-services) payments for the year, with a copy also going to the IRS. Whether you get one depends on reaching a certain dollar threshold, and that threshold has changed over time and been the subject of shifting rules and delays — so the current triggering amount is something to confirm rather than assume.

But here's the crucial point: the threshold only affects whether the app sends a form, not whether your income is taxable. Even if your earnings fall below the threshold and no 1099-K arrives, the income is still taxable and you're still responsible for reporting it. If you do receive a 1099-K, it's important to understand that it is not a bill and does not mean you owe tax on that full amount — it simply reports the

payments you received.

Your actual taxable amount is your profit: your income minus your legitimate business expenses, such as supplies, materials, mileage, and the very payment-app fees we discussed. This is exactly why keeping good records matters so much. By tracking both what you earn and what you spend on the gig, you can report your income accurately and claim the expenses that legitimately reduce your taxable profit, so you don't overpay.

A related and reassuring point is that personal payments are not income: money a friend sends to repay a loan, your share of a split dinner coming back to you, or a genuine gift is not taxable earnings — which is another strong reason to keep your business goods-and-services payments separate from your personal friends-and-family activity, so the two don't get tangled together (and so a 1099-K, if you get one, reflects only actual business income).

Finally, be aware that side-gig profit can be subject not only to income tax but also to self-employment tax (which covers Social Security and Medicare, since no employer is withholding it for you), and depending on how much you earn, you may need to make estimated tax payments during the year rather than paying it all at filing time.

These details, and how they apply to you, are where a tax professional earns their keep. To be clear, everything here is general information to help you understand how side-gig income works — it is not tax advice, and tax rules depend on your specific situation and change over time. For your actual taxes, rely on the current IRS guidance (IRS.gov has plenty of plain- language information for gig and self-employed income) or, better still, consult a qualified tax professional who can look at your circumstances.

The reassuring bottom line is that none of this is cause for alarm: report your income, keep good records, claim your legitimate expenses, and get help if you're unsure — side gigs are a completely normal, manageable thing to handle at tax time. (Tax thresholds, forms, and rules change; confirm current details with the IRS or a tax professional.)

GOOD TO KNOW

The one rule to remember: side-gig income is taxable whether or not you get a tax form, and whether you're paid by app, cash, or check. You might receive a '1099-K' from an app if your business payments hit a dollar threshold for the year (that threshold has changed — confirm the current one) — but a 1099-K just reports payments, it isn't a bill, and your taxable amount is your profit (income minus legitimate expenses like supplies, mileage, and app fees). Personal payments and gifts aren't income. Keep good records, and note that profit may owe self-employment tax too. This is general info, not tax advice — check current IRS guidance or a tax pro for your situation.

COMMON QUESTIONS

5 Common Questions

The getting-paid questions, answered.

"Which app should I use?"

It depends on your customers and how business-like you want to be. PayPal is the most business-oriented — proper business accounts, invoices, card acceptance, buyer protection — so it's great if you want your side gig set up professionally. Venmo (owned by PayPal) is hugely popular and casual, with business profiles and goods-and-services payments too, and is convenient when customers already use it.

Zelle is free and instant, moving money bank-to-bank, but has no protection or business setting, so it's best with customers you trust, like digital cash. Many side-giggers offer two options — say PayPal or Venmo plus Zelle — so each customer can use what they already have. Cash App and others work like Venmo.

The simple approach: ask what your customers tend to use, accept one or two popular options, use goods-and-services for business payments (not Zelle) when you want buyer protection, and keep your records together. Confirm each app's current features when you set up.

"Do I really have to pay the goods-and-services fee?"

For business payments on PayPal/Venmo, yes — and it's worth it. The goods-and-services fee (a small percentage of each payment) is the cost of taking payments legitimately, and it buys real value: your customer gets purchase protection (which builds trust), you get seller protections and a proper business framework, and you stay in good standing with the app's terms.

Asking customers to pay 'friends and family' to avoid the fee is a mistake — it violates the apps' business terms, strips your customer of protection, and can get your account restricted. If the fee matters to your pricing, the straightforward solution is to factor it into what you charge, as every business does with payment-processing costs.

You can also use Zelle for trusted customers, which is typically free (bank-to-bank) — just remember it offers no protection. And the fee is a legitimate business expense, so it reduces your taxable profit. Bottom line: pay the fee for business payments and do it right, rather than cutting a corner that can cause bigger problems.

“Will I owe a huge tax bill if I get a 1099-K?”

Not necessarily — a 1099-K is not a bill and doesn't mean you owe tax on the whole amount. It simply reports the total business payments you received through the app; the IRS gets a copy so the income is on record. What you actually owe tax on is your profit — your income minus your legitimate business expenses (supplies, materials, mileage, the app fees, and other costs of doing the gig).

So if you earned, say, a certain amount but spent a good portion on supplies and expenses, you're taxed on the smaller profit, not the full receipts. This is exactly why keeping records of your expenses matters — it can substantially reduce what you owe. Also remember that money which isn't business income (a friend repaying you, a gift) shouldn't be in there if you've kept business and personal payments separate.

And profit may owe self-employment tax in addition to income tax. None of this is cause for panic — it's normal and manageable — but because the specifics depend on your situation, a tax professional can tell you what you'll actually owe and help you plan (including estimated payments). This is general info, not tax advice.

“Is money from friends on these apps taxed?”

No — genuine personal payments are not taxable income. Money a friend sends to repay a loan, your share coming back from a split bill, or a real gift is not earnings and isn't taxed as income. The tax rules apply to money you earn from your gig — your business (goods-and-services) income — not to personal transfers between friends and family.

This is a key reason to keep the two separate: use goods-and-services (or a business profile) for gig payments, and keep personal repayments and gifts as personal payments. That way, if you receive a 1099-K, it reflects only your actual business income, and you're not in the awkward position of explaining why personal money showed up as business receipts.

If personal payments do accidentally get mixed in (for instance reported on a 1099-K because of how they were sent), there are ways to account for that at tax time, but it's much cleaner to keep them separate from the start. As always, this is general information, not tax advice — for your specifics, check current IRS guidance or a tax professional.

WRAP UP

6 Get Paid, and Keep It Straight

Simple habits that keep you right.

Getting paid for a side gig through PayPal, Venmo, or Zelle is easy once you understand a few essentials, and handling it right from the start saves headaches later. PayPal and Venmo both let you take 'goods and services' payments — the correct type for business, giving your customer purchase protection in exchange for a small seller fee — and both offer business accounts or profiles; Venmo is the more casual, widely-used option and PayPal the more full-featured business one.

Zelle moves money directly bank-to-bank, usually free and instant, but has no protection or business setting, so it's like digital cash, best used with customers you trust. The important payment-type rule is to use goods-and-services for business, not

the free 'friends and family' type, which is for personal use only and leaves customers unprotected (and can get your account in trouble).

On fees, accept the small goods-and-services percentage as the cost of doing it right, and factor it into your pricing. And on taxes — the part worth getting right — remember the core rule: side-gig income is taxable whether or not you receive any tax form, so keep good records of what you earn and spend, report your income, and claim your legitimate expenses, which reduce your taxable profit.

You may receive a 1099-K from an app if your business payments hit a certain (changing) threshold, but that form just reports payments and isn't a bill; personal payments and gifts aren't income. Keeping business and personal money separate makes all of this cleaner. Do these simple things — use the right payment type, keep records, separate business from personal, and get help when unsure — and getting paid for your side gig will be smooth and worry-free. (This is general information, not tax advice; app fees, features, and tax thresholds change — confirm current details, and for your taxes check current IRS guidance or a tax professional.)

- PayPal/Venmo: use 'goods and services' payments for business (buyer protection + small seller fee); PayPal is more full-featured, Venmo more casual and widely used. Not 'friends and family' — that's personal-only, no protection.
- Zelle: free, instant, bank-to-bank, but no protection or business setting — like digital cash; best with trusted customers.
- Fees: accept the small G&S percentage as the cost of doing it right; factor it into pricing (it's also a deductible business expense).
- Taxes: side-gig income is taxable whether or not you get a form. Keep records of income and expenses; report income; a 1099-K (threshold changes — confirm current) reports payments, isn't a bill. Personal payments/gifts aren't income.
- Keep business and personal separate, and get a tax pro's help if unsure. General info, not tax advice — confirm current details with the apps and the IRS.

GOOD TO KNOW

If you'd like a hand getting set up to take payments for a side gig — choosing between PayPal, Venmo, and Zelle, setting up a business profile, understanding goods-and-services vs. personal payments, or just getting a simple record-keeping habit going so tax time is easy — that's exactly the kind of practical help I'm glad to provide. For the tax specifics of your situation, please lean on current IRS guidance (IRS.gov has good plain-language info for gig income) or a qualified tax professional — what's here is general information to orient you, not tax advice. Get the setup right and keep good records, and getting paid for your gig will be smooth. Confirm current app fees and tax thresholds, as they change.

CHEAT SHEET

Everyday Cheat Sheet

Keep this page handy. It points you straight to what to do for each task.

I want to...	Do this...
PayPal / Venmo	Can take 'goods & services' payments (buyer protection, a fee)
Zelle	Bank-to-bank; no built-in buyer protection or seller fee
G&S vs. personal	Business payments should be 'goods & services,' not 'friends'
Fees	G&S payments charge the seller a small percentage
Taxes — the rule	Side-gig income is taxable whether or not you get a tax form
A 1099-K	You may get one; the dollar threshold has changed — confirm current
Get help	Call Bill: (330) 200-8042

AT A GLANCE

A Picture to Follow Along

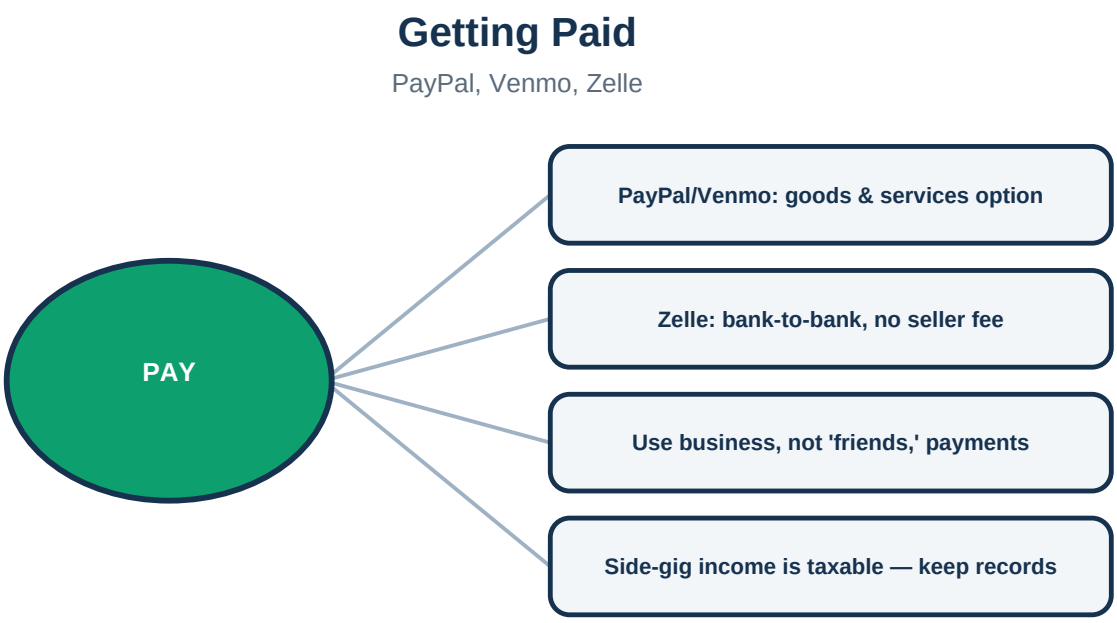


Illustration — a schematic. Set-up screens differ; each takes only a few minutes.

AT A GLANCE

A Second Look



Illustration — a schematic. The order is a suggestion; do one box at a time.

A schematic of the plan — company steps vary; the order does not have to.

BEFORE YOU GO

A Note From Bill

A quick note from Bill. I write these guides to make home tech a little less frustrating, and I do my best to keep every step accurate and up to date. Still, every home, device, and setup is a bit different, so I can't promise a guide will match yours exactly or fix your particular problem. These guides are for general information only — they're not professional, legal, or financial advice, and they don't replace your device's own manual or the manufacturer's instructions. Please go slow, use your own good judgment, and use everything here at your own risk. If a step involves electrical wiring, a gas appliance, a water heater, plumbing, or climbing a ladder — or if anything just doesn't feel safe — please stop and call a licensed professional (or give me a call at 330-200-8042). Bill's Home Tech and Bill Davis can't be responsible for any damage, data loss, or injury that results.

HOW I CAN HELP

Your Visit — and My Promise

You don't have to remember all of it — just that a friendly, patient person is one call away, whenever you'd rather have a hand.

KEY SPECS

In your home — $99 flat for the first visit, no contracts and no surprises, with a 30-day come-back-free follow-up. In-home visits cover Portage County, Ohio and nearby communities.
Outside the area? Remotely — $49 for a screen-share session (free for Support Plan members, $39/mo), refundable if I can't fix it — and credited toward a visit if you'd rather have me in person. Book either at billshometech.com/book.

GOOD TO KNOW

My promise — If you're not 100% satisfied with your visit, I'll come back at no charge, or refund the full $99. No questions, no awkwardness. That's how I'd want to be treated.

Whenever you're ready, I'll come to your home anywhere in Portage County, Ohio and nearby communities, at your pace. Too far for a house call? I also help remotely. Book at billshometech.com/book or call (330) 200-8042. — Bill

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