BILL'S HOME TECH

Home & Small Business Tech Solutions

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Quarterly Taxes & the 1099 for Side Income

The plain-English version: the forms, the self-employment tax, and paying quarterly

Tech Made Simple. Service Made Personal.

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1 The Short Version

When you work a regular job, taxes are taken out of each paycheck before you ever see the money. Side income works differently: the full amount lands in your hands looking entirely like yours, but a share of it still belongs to the tax man, and no employer is taking it out along the way. That surprise, discovered at tax time, is what this guide is here to prevent. Here is the whole subject in a nutshell before we take it piece by piece.

- Side income is taxable whether or not anyone sends you a tax form.
- You may get a 1099-NEC (from a payer who paid you enough in a year) or a 1099-K (from an app or marketplace, only at high amounts), but you report your income either way.
- You are taxed on your profit, income minus honest expenses, plus a self-employment tax of roughly 15.3% on top of ordinary income tax.
- If you will owe a meaningful amount, pay quarterly with Form 1040-ES, free online at the official IRS.gov.
- Set a slice of every payment aside as you earn, and keep records and payment confirmations for three years.

> **GOOD TO KNOW**
>
> A plain word before we start: this is general information to take the mystery out of the subject, not tax advice for your particular situation. For your own case, including Ohio state and local tax, the right sources are IRS.gov and a tax preparer. This guide points you to both.

2 Why This Is Worth Understanding

The people who run into trouble with side-income taxes are almost always the ones who did not know the rules, not the ones who tried to cheat them. They spent all they earned, set nothing aside, and were blindsided by a bill, or sometimes a penalty for not paying along the way. A little understanding heads all of that off.

It also lets you keep more of what you earn, honestly. When you know that your profit, not your gross income, is what is taxed, you keep good expense records and pay on the smaller, truer number. And when you know the quarterly rhythm, you avoid the penalties that come from paying late. Most of all, understanding replaces dread with routine. For a few hours of learning once, you buy yourself years of calm springs.

TIP

If your side income is more than pocket change, a single visit to a tax preparer in your first year is money well spent. They will set you straight for your own situation, and after that you can often carry on yourself.

3 Side Income Is Taxable, Form Or No Form

Here is the first and most important thing to understand, because so much confusion flows from getting it wrong: your side income is taxable whether or not any tax form arrives in the mail. People often assume that if no form shows up, the income is invisible and need not be reported. That is simply not so. The rules count what you earn, not what gets reported about you.

The forms, the 1099s we will meet in a moment, are just copies that the tax authority also receives, a way for them to cross-check. They are not what makes income taxable; earning it is. A payment in cash, a check from a neighbor, a sale that triggered no form, all of it counts and all of it is meant to be reported.

WATCH OUT

Do not assume 'no form means no tax.' All your side income is reportable and taxable. The forms are just copies the tax authority also gets, not the line between taxable and not. This is exactly why good record-keeping matters: report from your own complete records and you are on solid ground whatever the mail brings in January.

4 The 1099-NEC, Plainly

The first form you may encounter is the 1099-NEC. In plain terms, a business or client that paid you for your services is generally supposed to send you one in January, with a copy going to the tax authority. The 'NEC' stands for nonemployee compensation, that is, money paid to you as an independent worker rather than wages to an employee.

A recent change is worth knowing. For payments made during 2026, a payer must send a 1099-NEC once they have paid you $2,000 or more in the year. That threshold was raised from the long-standing $600 figure under a 2025 law, and it begins adjusting for inflation after 2026. For the 2025 tax year, the old $600 level still applied. If you do freelance or contract work, tutor through a company, or are paid by a business for a service, this is the form you are most likely to see.

GOOD TO KNOW

Remember the rule from a moment ago: if a payer paid you less than the threshold, you may get no 1099-NEC at all, but that income still counts and is still reported. The form threshold is about when the payer must send a copy, not about when your income becomes taxable. Your own records remain the complete picture.

5 The 1099-K, Plainly

The second form is the 1099-K, and it comes from a payment app or an online marketplace, a card processor, a selling platform, or a payment service, reporting the money that flowed to you through them for goods and services. It has caused a great deal of confusion in recent years because the threshold for sending it kept changing. As things stand, the rules have settled back to a high bar.

For 2025 and 2026, a platform generally sends a 1099-K only when your payments for goods and services through it cross both thresholds: more than $20,000 and more than 200 transactions in the year. Both conditions, not either one. So a modest seller

or gig worker may well receive no 1099-K at all. Be aware, though, that some states set their own lower thresholds, so your state may trigger a form sooner.

GOOD TO KNOW

The federal 1099-K bar is high, over $20,000 AND over 200 transactions, so many small sellers get no form. Your income is reportable either way, and some states set a lower bar, so check yours. No 1099-K does not mean no tax.

Rather not do this yourself? I'll come to your home and set it up for you — a flat $99 first visit across Portage County, Ohio and nearby communities. Outside the area? I also help remotely by phone or screen-share. Book at billshometech.com/book or call (330) 200-8042.

6 What Actually Gets Taxed: Your Profit

A comforting truth: you are not taxed on every dollar that came in, but on your profit, what is left after the honest costs of earning it. If you took in $5,000 from a gig and spent $1,500 on mileage, supplies, and fees to do it, it is roughly the $3,500 of profit that the tax is built on, not the whole $5,000. This is why tracking expenses matters so much; every real cost lowers the taxed number.

You report this on a form called Schedule C, which is simply a tidy page listing your side-business income and your expenses by category, arriving at your profit at the bottom. It sounds formal, but for a small gig it is a short and manageable page, and tax software or a preparer walks you through it. Keep the records through the year and this step is mostly filling in numbers you already have, rather than hunting for them in April.

7 The Self-Employment Tax, Explained

Here is the part that catches first-time side earners off guard. On top of ordinary income tax, profit from self-employment carries a self-employment tax, roughly 15.3 percent of your net self-employment earnings. It covers Social Security and Medicare, the contributions that an employer and employee would normally split on a regular paycheck. Working for yourself, you cover both halves.

The practical upshot is that the tax bite on side income is larger than people expect, because it is income tax and this self-employment tax together. That is precisely why setting money aside as you earn is so important. There are wrinkles: part of the self-employment tax can be deducted, and the exact figures depend on your situation, which is another reason a tax preparer earns their fee the first year.

GOOD TO KNOW

The plain lesson to carry is this: plan for a meaningful chunk of your side profit to go to taxes, income tax and self-employment tax combined. It is a bigger share than on a regular wage, and a surprise of that size at tax time can really sting if nothing was put by.

8 Paying Quarterly, Not All At Once

Because no employer is withholding tax from your side income, the tax authority does not want to wait until April for all of it. It expects you to pay in along the way, in four installments through the year. These are the quarterly estimated payments.

For the 2026 tax year, the four payments are due on about April 15, 2026; June 15, 2026; September 15, 2026; and January 15, 2027. You estimate what you will owe and pay a quarter-ish of it at each point. If a due date lands on a weekend or holiday, it shifts to the next business day.

WATCH OUT

If you owe a meaningful amount and did not pay quarterly, you can face a penalty for paying late, even if you pay in full in April. The quarterly system is not optional for those who owe enough. Whether it applies to you depends on your situation, so confirm at IRS.gov or with a tax preparer, especially the first year.

9 Do The Quarterly Payments Apply To Me?

Not everyone with a little side income must pay quarterly. As a rough rule of thumb, the tax authority generally expects estimated payments when you will owe about a thousand dollars or more in tax beyond what is otherwise withheld. Below that, you may be able to simply settle up at tax time. Above it, the quarterly schedule applies, and skipping it can bring a penalty.

There is also a wrinkle that helps some people: if you or a spouse still have a regular job with withholding, bumping up that withholding can sometimes cover the side-income tax too, sparing you separate quarterly payments. Whether that works for you depends on the numbers, and it is exactly the kind of thing a tax preparer can tell you quickly. Because the thresholds and your own picture decide this, do not guess.

10 How To Make The Payments

Making an estimated payment is simpler than it sounds. The vehicle is called Form 1040-ES, which comes with a worksheet to help you estimate the amount, plus payment vouchers if you prefer to pay by mail. But the easiest way by far is online: at IRS.gov you can pay directly from your bank account for free, through the tax authority's own secure payment tools, and get a confirmation to keep with your records.

Paying online means no checks, no stamps, and no wondering whether it arrived. You get an immediate record. You simply visit the official site, choose to make an estimated payment for the year, enter the amount, and pay from your bank. Four times a year, a few minutes each, and you are keeping pace with what you owe.

GOOD TO KNOW

Do make sure you are on the genuine official site, IRS.gov, typed in yourself and not a look-alike. The real site never charges a fee to pay your taxes from your bank account. Keep each confirmation; it is your proof the payment was made.

11 Setting Money Aside As You Earn

If there is one habit that turns side-income taxes from a terror into a routine, it is setting money aside as you earn, rather than scrambling to find it later. Each time you are paid, move a slice into a separate savings spot and leave it there for taxes. When a quarterly payment or the April bill comes, the money is already waiting, and you simply send it.

How big a slice? Because side income carries both income tax and the self-employment tax, many people set aside somewhere in the neighborhood of a quarter to a third of what they earn, but your own right figure depends on your total income and situation, which a tax preparer can pin down. Keeping that money in its own account, apart from your spending, is what makes it work; in your regular account it tends to evaporate.

TIP

This one habit, more than any clever trick, is what keeps side earners out of tax trouble. Set aside something consistently, from the first dollar, rather than nothing.

Rather not do this yourself? I'll come to your home and set it up for you — a flat $99 first visit across Portage County, Ohio and nearby communities. Outside the area? I also help remotely by phone or screen-share. Book at billshometech.com/book or call (330) 200-8042.

12 The Records That Make Filing Easy

Everything in this guide rests on good records, because your taxes are built from them: your income log tells you what you earned, your expense log and receipts give you the costs that lower your profit, and your mileage log feeds a driver's biggest write-off. Keep these through the year and tax time is a matter of totaling numbers you already have.

Keep your records, your receipts, and your payment confirmations for at least three years. If a return is ever questioned, those records are what settle it, and that reaching-back window is why you hold on to them rather than tossing everything each spring.

TIP

Before you file or see a preparer, gather one year's picture in one place: your total income from your own log, your total expenses sorted into a few sensible categories, your mileage total, any 1099 forms that arrived, and your estimated-payment confirmations. Hand a preparer that tidy bundle and you will very likely pay them less.

13 Filing Yourself, Or Getting Help

When it comes to the actual filing, you have choices, and none is wrong. Tax software can handle a small side gig perfectly well, walking you through the Schedule C and the self-employment tax step by step, and some free-file options exist for those who qualify. If your records are tidy, doing it yourself is quite achievable.

That said, the first year of side income is often the year a tax preparer earns their fee handsomely. They set you straight on what you can deduct, whether quarterly payments apply, and how much to set aside, for your own situation. Once a preparer has set the pattern that first year, many people happily carry on themselves. You need not choose forever; a year of help to learn the ropes, then your own two hands, is a common and sensible path.

14 Ohio State And Local Taxes

Everything so far has leaned toward the federal picture, but it is not the whole of it. Ohio has its own income tax, and many Ohio communities levy a local or municipal income tax as well, which can apply to self-employment income. So your side earnings may face federal, state, and local tax, each with its own rules and, sometimes, its own filings.

This is genuinely one of the fiddlier corners, because local tax rules vary from town to town, and Portage County communities are no exception. It is squarely in the territory where Ohio's tax site and a local tax preparer give you the right answer. The practical takeaway is to ask, the first year, whether your side income owes anything to Ohio and to your municipality, and how to handle it. A local preparer will know your community's rules cold.

15 How It Fits Together, And Who Owes

Numbers often make the shape clearer, so here is a simple made-up illustration, not your situation, just a sketch. Imagine someone takes in $6,000 over a year from a side gig and spends $1,500 on mileage, supplies, and fees to earn it. Their profit is the $4,500 left over, and it is that $4,500, not the full $6,000, that their taxes are built on. On that profit they would owe ordinary income tax at whatever rate fits their overall income, plus the self-employment tax of roughly 15.3 percent.

How side income is taxed also depends on what else is going on in your finances. If the side gig is your only income, its profit largely stands alone. If instead it sits on top of a regular job, a spouse's job, or a pension with tax already coming out, the side profit stacks onto that other income and may be taxed at a higher rate, but you may also be able to cover the extra by raising the withholding on the regular job.

And for folks drawing Social Security, earning on the side can sometimes affect those benefits or their taxation, depending on your age and amount, so that is worth a short conversation with the Social Security Administration and a preparer.

WATCH OUT

The example above is invented to show the shape only. Do not use its numbers or rates as your own. Your actual figures depend on your whole situation, which only IRS.gov or a tax preparer can settle.

16 Hobby Or Business, Scams, And Penalties

The tax rules draw a line between a true side business, something you do to make money with some regularity and effort, and a hobby that happens to bring in a little cash. A genuine business can count its expenses against its income to be taxed on profit, while a hobby is treated differently. Most people earning steadily on the side are on the business side of that line, but if your earnings are truly occasional, it is worth a word with a preparer about which side you are on.

Tax matters draw scammers like few other subjects. The real tax authority does not call, text, or e-mail you out of the blue demanding immediate payment, threatening arrest, or asking for gift cards or your bank details. If someone does any of that, it is a scam, flat out. The genuine authority contacts you first by letter. Guard your Social Security number above all, and share it only on the genuine official site or with a preparer you trust.

GOOD TO KNOW

A calming word on penalties: yes, there can be a penalty for not paying quarterly when required, and interest can accrue on tax paid late, but these are generally modest percentages, not ruinous sums. The tax authority would far rather you file and pay what you can than hide, and offers payment arrangements if you owe more than you can pay at once. Honesty and a prompt call keep any shortfall manageable.

17 Common Mistakes, And Questions People Ask

Nearly every side-income tax scramble comes down to one of a few avoidable slips: assuming that if no 1099 arrives, the income need not be reported; spending everything earned and setting nothing aside; not knowing about the self-employment tax; skipping quarterly payments when they were owed; keeping no expense or mileage records; and overlooking Ohio state and local tax.

A few questions come up again and again. I did not get a 1099, do I still report the income? Yes, the income is taxable whether or not a form arrives.

How much should I set aside? Roughly a quarter to a third as you earn, with your own figure from a preparer. Do I really have to pay every quarter?

Only if you will owe enough, around a thousand dollars or more beyond other withholding. Is a side hustle worth it after all these taxes? Usually yes, because you are taxed only on profit and keep the larger share.

TIP

Report all income, set a slice aside from day one, learn whether you owe quarterly, keep records, and ask a preparer about your state and local tax. Those five head off the lot. The tech side of all this, your bookkeeping, mileage tracking, receipt folder, and paying estimated taxes online, is exactly what Bill can set up with you; the filing itself is a job for a tax preparer.

CHEAT SHEET

Everyday Cheat Sheet

Keep this in a drawer with your home papers. It is the whole subject boiled down to what to do.

I want to...	Do this...
Know what is taxable	Report all side income from your own records, whether or not a 1099 arrives
Understand the forms	1099-NEC comes from a payer at $2,000+ for 2026; 1099-K only above $20,000 AND 200 sales (some states lower)
Know what gets taxed	Your profit (income minus honest expenses) on Schedule C, plus about 15.3% self-employment tax
Pay along the way	Pay quarterly with Form 1040-ES, free at the official IRS.gov, by Apr 15, Jun 15, Sep 15 (2026), and Jan 15, 2027
Avoid a surprise bill	Set aside about a quarter to a third of each payment in a separate account from day one
Keep good records	Log income, expenses, mileage, and payment confirmations; keep them three years
Handle Ohio and local tax	Ask a local tax preparer whether your city or municipality taxes self-employment income
Get help	Call Bill: (330) 200-8042

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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