Bookkeeping Suggestions and Tax Deductions for 1099-misc workers

Because court reporters and scopists are considered independent contractors, it is important to maintain a comprehensive bookkeeping system of jobs and expenses.

Each year you should purchase a daily diary for that calendar year and keep track of expenses on a job based or weekly basis or create a job calendar system in Excel.

If you use a scopist or a proofreader, you will be able to report that cost as an expense against your income.

These are the following expenses allowed to take against your 1099-misc income:

1. Since most freelance reporters maintain a home office, you can use a percentage of all rental or house expenses divided by the number of rooms in which you live, for example, a 4-room apartment would allow a write-off of one-quarter of the rental and utility expenses for your office space. If you live in a house, and it is an 8-room home, one room is considered an office, you can take 1/8th of all home expenses, which include utilities, home insurance, taxes, home maintenance and repairs.
2. Car expenses: Parking, tolls; gas receipts or mileage is to be noted, car lease expense. Check with your accountant as to the current amount per mile as well the business usage of your automobile.
3. Cell phone expense (you will be allowed a percentage).
4. Office supplies, postage, Christmas/holiday gifts.
5. Entertaining coworkers or clients and/or bringing in a treat to the office are all acceptable expenses. Receipts are required and you cannot take the cost of your personal dinner as an expense. Receipts may not be required for the cost of entertaining under $20. Also check with your accountant.
6. If you have experienced job-related pain or stress and require the services of a massage therapist or to work out in a gym, that can be deducted.

7. Office or stenographic-related equipment purchases and/or repairs, seminars, publications are all deductible. When you buy your professional steno machine and software, you will be able to take a five-year depreciation on the cost even if you bought it during the time you were in school.
8. So is health insurance and disability insurance and all other medical and prescription expenses.

The following is a list of items that can be **deducted on a percentage of its use** for the conduct of your business. Your home phone, car maintenance and repairs, cleaning service, and children's day camp.

IMPORTANT NOTE: It is advisable to pay a quarterly estimated tax to the IRS to avoid penalties and an overwhelming tax expense at the end of the year.

It is suggested that 20 to 30 percent of each paycheck should be put in a separate account for those payments.

The amount depends on whether you are single, married, or divorced with children and own a home. You should work with an accountant to get the latest tax information that applies to independent contractors.