

# For-Hire Drivers

Uber/Lyft/Grubhub/etc.

# ■ For-Hire Drivers – Income

- For-Hire Drivers report earnings on Schedule C
  - Uber/Lyft/etc. business code: 485999 *All other transit and ground passenger transportation*
  - Grubhub/DoorDash/etc. business code: 492000 *Couriers and messengers*
- Loss on Schedule C is out of scope
  - Review documents during interview for scope
- Taxpayers determine their income, mileage and other expenses

# ■ For-Hire Drivers – Income

- Income reporting documents
  - Statement from the payer showing income, commissions and fees, mileage, etc.
    - Taxpayer needs to print from his/her online account
  - Form 1099-MISC
  - Form 1099-K common with Uber/Lyft
    - Payment Card and Third Party Network Transactions
- May also receive cash (tips for example)

# Form 1099-MISC

<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, ZIP code <b>RAISER LLC 1455 MARKET ST STE 400 SAN FRANCISCO, CA 94107</b>		1 Rents	<b>2018</b> Form 1099-MISC	<b>Miscellaneous Income</b>
		2 Royalties		
		3 Other Income	4 Federal income tax withheld	
PAYER'S Federal identification number <b>12-3456789</b>	RECIPIENT'S identification number <b>123-00-4567</b>	5 Fishing boat proceeds	6 Medical and health care payments	
RECIPIENT'S name, address, city, state, ZIP code <b>JOHN DOE 123 MAIN ST AUSTIN, TX 78737</b>		7 Nonemployee Compensation <b>5,603</b>	8 Substitute payments in lieu of dividends or interest	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale > <input type="checkbox"/>	10 Crop Insurance proceeds	
		11	12	
Account number (see instructions)	FATCA filing requirement <input type="checkbox"/>	13 Excess golden parachute payments	14 Gross proceeds paid to an attorney	
15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	
Form <b>1099-MISC</b>				

Tax form may or may not be received.

Enter amount on 1099-MISC and attach to Schedule C

# Form 1099-K

VOID  CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S TIN	OMB No. 1545-2205	<b>2018</b>	<b>Payment Card and Third Party Network Transactions</b>
Enter box 1a amount on Schedule C as gross payment		PAYEE'S TIN	Form 1099-K		
1a Gross amount of payment card/third party network transactions \$		1b Card Not Present transactions \$	2 Merchant category code	<b>Copy 1 For State Tax Department</b>	
3 Number of payment transactions		4 Federal income tax withheld \$			
Check to indicate if FILER is a (an): Payment settlement entity (PSE) <input type="checkbox"/> Electronic Payment Facilitator (EPF)/Other third party <input type="checkbox"/>		Check to indicate transactions reported are: Payment card <input type="checkbox"/> Third party network <input type="checkbox"/>			
PAYEE'S name		5a January \$	5b February \$		
Street address (including apt. no.)		5c March \$	5d April \$		
City or town, state or province, country, and ZIP or foreign postal code		5e May \$	5f June \$		
PSE'S name and telephone number		5g July \$	5h August \$		
Account number (see instructions)		5i September \$	5j October \$		
		5k November \$	5l December \$		
		6 State	7 State identification no.	8 State income tax withheld \$	
				\$	

Form 1099-K [www.irs.gov/Form1099K](http://www.irs.gov/Form1099K) Department of the Treasury - Internal Revenue Service

Tax form may or may not be received.

Enter tax withheld in Payments and Estimates section

Boxes 1b and all 5 boxes are subsets of box 1a. No need to enter these.

# ■ Form 1099-K or If No Tax Form (TaxSlayer)

## ■ Select Schedule C

Profit or Loss From A Business Schedule C **BEGIN**

and enter in first Income field

Gross receipts or sales (including income reported on Form 1099-K)

Total of Form(s) 1099-K plus cash income, but not Form(s) 1099-MISC income.

## ■ Selecting 1099-K simply takes you to Schedule C entry page anyway

Payment Card and Third Party Network Transactions Form 1099-K **BEGIN**

# ■ For-Hire Drivers – Expenses

- Standard mileage rate (54.5¢/mile for 2018) in scope for For-Hire Drivers
  - Out of scope if actual vehicle expenses claimed
  - First and last ride of day to and from home are nondeductible commuting miles unless taxpayer claims home office deduction (which is out of scope)
- Detailed records essential
  - Total mileage – business, commuting and other
  - Business expenses
  - Business use and purpose
- All expenses must be reported – even if result is a net loss (which is out of scope)

# ■ For-Hire Drivers – Expenses

- Add to standard mileage **business portion** of
  - Tolls: 100% business use when incurred as For-Hire Driver
  - Parking: 100% business use when incurred as For-Hire Driver
  - Auto loan interest
  - Auto personal property taxes
- Taxpayer to determine business portion based on miles driven or other reasonable method when property not 100% business
  - Example:
    - Business miles 4,500 ÷ Total miles 45,000 = 10% business use
    - \$1,000 interest paid on auto loan in 2018
    - $\$1,000 \times 0.10 = \$100$  deductible auto loan interest on Schedule C



# ■ For Hire Drivers – Expenses

- Examples of potentially 100% business use expenses
  - Uber/Lyft/Grubhub/etc. fees
  - Device subscription fees
  - Snacks and water for passengers
  - Passenger cell phone accessories, such as chargers and cables
  - Mileage tracking software
  - Airport fees
  - Business license
  - Ride sharing insurance
  - Dash camera

# ■ For Hire Drivers – Expenses

- Examples of ratable business-use expenses
  - Car washes
  - Cell phone and mount
  - Flashlights and flares
  - First aid kit
  - Road-side assistance plans
  - Dash camera

# ■ For-Hire Drivers – Quality Review

- Review payer statement and tax forms (1099-K and 1099-MISC)
- Verify amount of cash income (tips) added to Schedule C
- Confirm only business portion of expenses claimed
- Remind taxpayer to maintain accurate written documentation of mileage and expenses

# ■ For Hire Drivers

