

Taxes for Nurses

Save money, time and trouble

 HYDREIGHT





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Prisma Tax Group

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Brand Strategist

Entrepreneur

Featured in ...

NEW YORK POST

BUSINESS
INSIDER

The New York Times

*Not tax
advice!*

Tax Basics

General discussion of federal self-employment tax situation

- What state are you in?
- How many streams of income do you have?
- Are you married? Dependents?
- Interest and Dividend Income?
- Crypto?
- Real Estate?
- Are you a student?
- Inheritance?
- Etc...

Why file taxes?

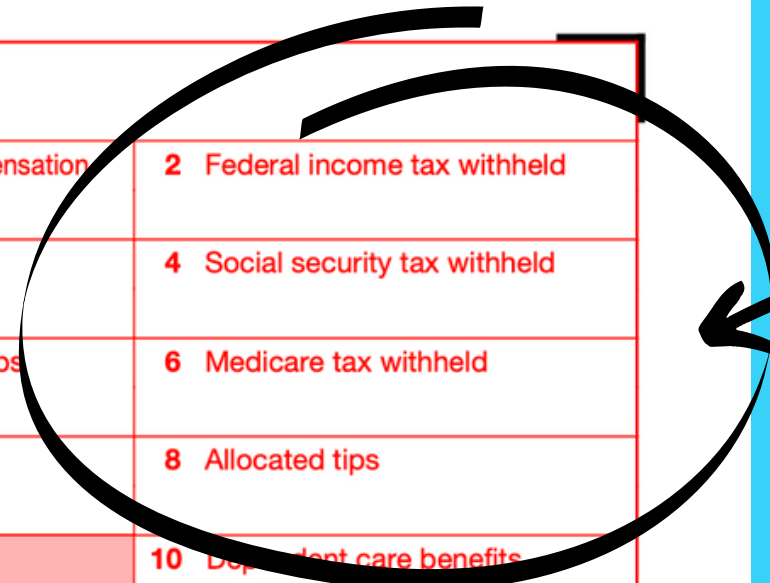
- Qualify for tax credits/deductions
- Write off business expenses
- Obtain a mortgage, car loan and credit card
- File for unemployment
- Set up retirement plans
- Invest

What do I need to file taxes?

- ID
- Basic Info
- Last year's tax return
- Organized income and expenses
- 1099-NEC
- LLC Name & EIN
- Other documents relevant to your tax situation

W-2 vs. 1099-NEC

22222		VOID <input type="checkbox"/>	a Employee's social security number		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
d Control number			9		10 Dependent care benefits	
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other		12c	
					12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name



Withholding!

Form **W-2** Wage and Tax Statement

2023

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Copy A—For Social Security Administration. Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page

You are a small business in the eyes of THE IRS

7171 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-0116
Form **1099-NEC**
(Rev. January 2022)
For calendar year 20__

Nonemployee Compensation

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.

PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation	\$
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	3
Street address (including apt. no.)		4 Federal income tax withheld	\$
City or town, state or province, country, and ZIP or foreign postal code		5 State tax withheld	\$
Account number (see instructions)		6 State/Payer's state no.	\$
2nd TIN not. <input type="checkbox"/>		7 State income	\$

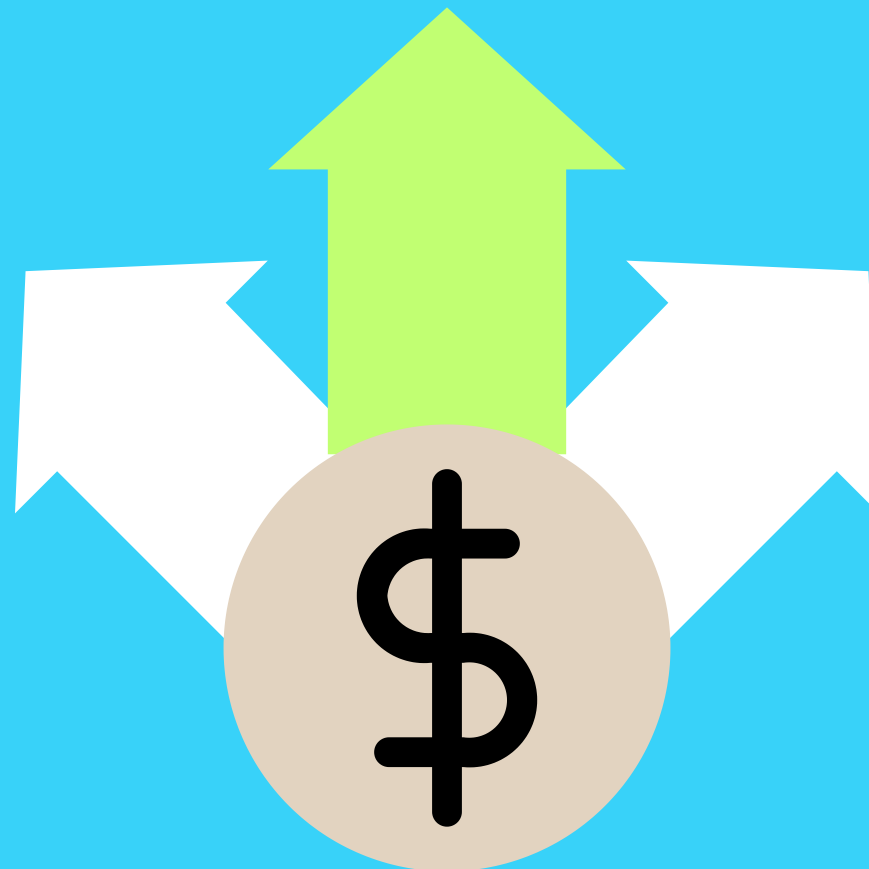
Form **1099-NEC** (Rev. 1-2022) Cat. No. 72590N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

AND / OR



Separate your business and personal income

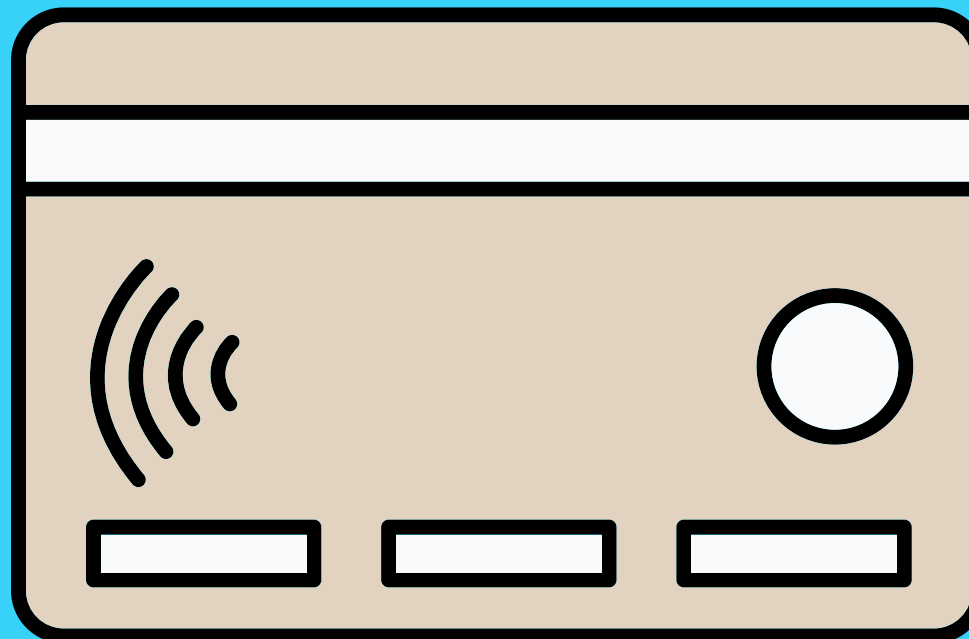
- Start a separate bank account
- Do not intermingle business and personal \$



Mixed income is an IRS red flag!

Your New Bank Account

- CAN be a personal Checking Account or a Business Checking (if you have LLC)
- Link Savings Account (for taxes)
- Use debit card for business expenses



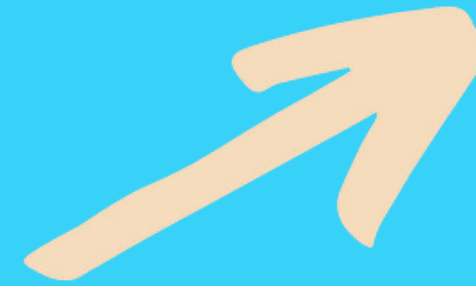
1099-NEC from Hydreight
and other contract nurse
positions



Cash Tips



Business expenses



Pay yourself by transferring \$ to
your personal bank account
(Owners Draw)



W-2 Income or other side hustles



Personal expenses

The background of the slide features a light blue gradient with several US dollar bills scattered across it. The bills are semi-transparent and appear to be floating or falling, with some showing the portrait of Benjamin Franklin and the number '100'.

***General* Rule of Thumb**

- **Deposit 100% of *relevant* self employment income**
- **Transfer 25% to savings**
- **Leave 25% in the bank account for expenses**
- **Transfer 50% to your personal account**

Business Expenses

- Also called write offs or business deductions
- Reduces your taxable income
- Ordinary & necessary
- Not lavish or personal





*Screenshot
this list!*

Write-Offs!

- Annual Hydreight Subscription
- Transaction fees
- Medical Director Fee
- Medical supplies
- Uniforms (even Figs) 😊
- Dry cleaning
- Licenses and education
- Business Meals
- Marketing (biz cards, social media, ads, etc.)
- % of rent and utilities (home office deduction)
- iPad or Phone used 100% business
- % of personal phone bill
- Miles driven
- Office Space
- Insurance - personal health and biz insurance
- Tax prep, LLC formation, Bank fees

Specific to your small business

Talk to an accountant!



*Screenshot
this list!*

USE
Write-offs!

SEPARATE DEBIT CARD



NO ROUND

Specific to your small business
NUMBERS

- Annual Hygiene (Subscriptions, Marketing, Biz cards, Social media, ads, etc.)
- Transaction fees
- Medical Directories
- Medical Supplies
- Uniforms (even Figs) 😊
- Dry cleaning
- Licenses and education
- Business Meals
- % of rent and utilities (none office deduction)
- iPhone or iPad (100% business use)
- % of net profit
- Miles driven
- Office Space
- Insurance - personal health and biz insurance
- Tax prep, CPA, accountant Bank fees

Vehicle Expense

Standard Method

Total miles driven

x

Federal standard mileage rate

2022: 62.5 cents

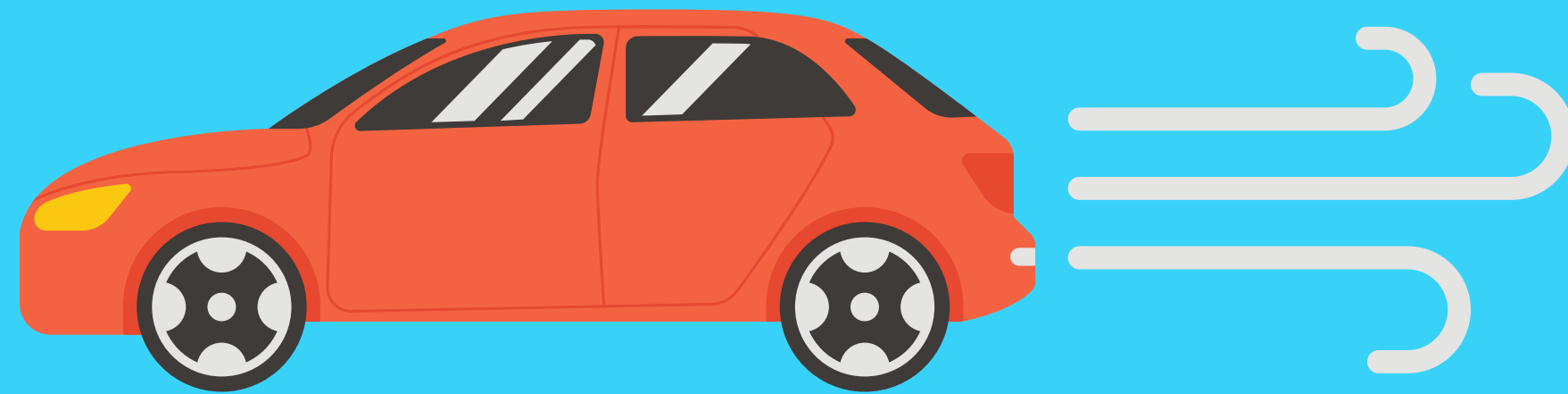
2023: 65.5 cents

Actual Method

(Total miles driven ÷ total miles)

x

Actual car expenses



Home Office Deduction



% of your rent (not the whole thing)

*** one room only. ***

Find your home office's % of your total home square footage

Home Office Deduction

Example



Total sq ft = 1,000 ft
Home Office sq ft = 100 sq ft
Home Office = **10% of total home**

Total rent and utilities = \$1,000

10% (Home Office) = **\$100**

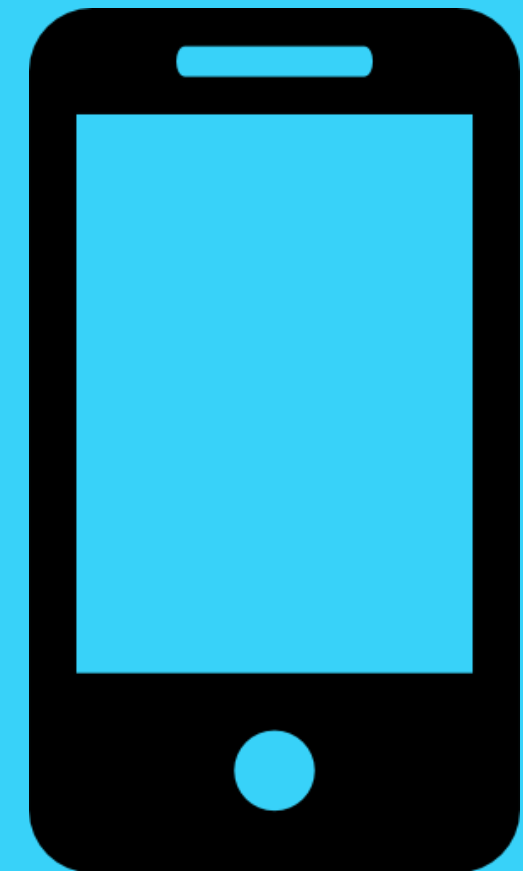
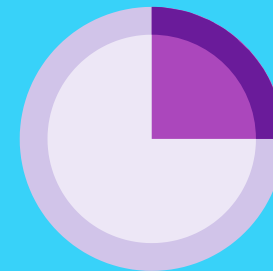
write-off

Phone Expense

Separate phone for business = 100% write off!



Personal phone used for business
= write off a % of total bill



Phone Expense

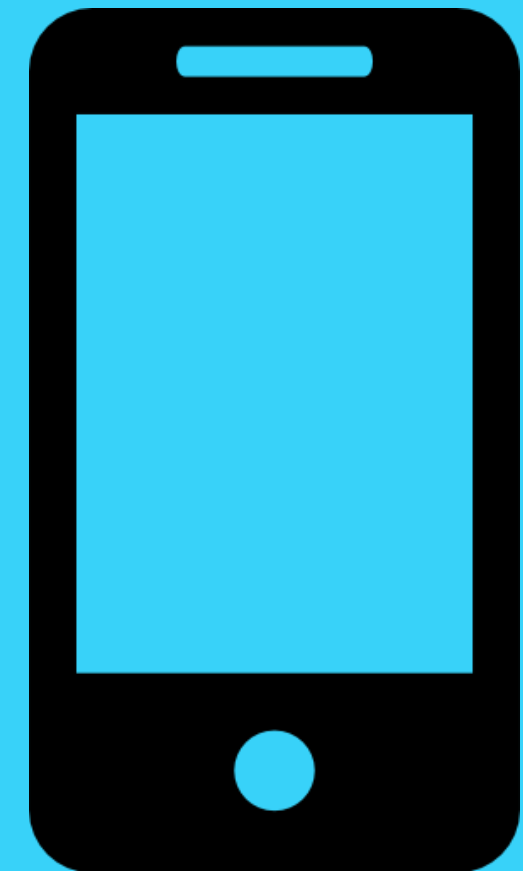
Example

Total bill = \$100

Estimate % used for business = 20%

20% of 100 = **\$20**

write-off



Understand the risk of deducting personal expenses

Audits

Back Taxes

Penalties & Fees

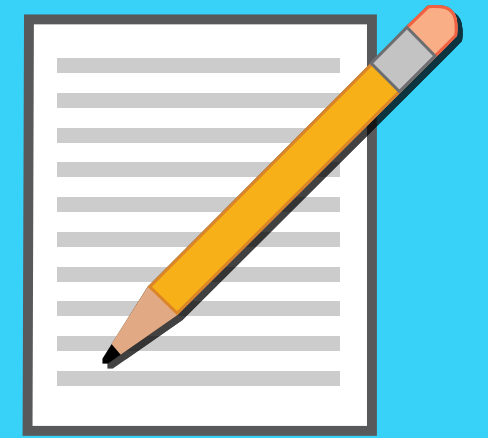
It is not up to your tax preparer to determine if an expense is business or personal. While we offer guidance, you are ultimately responsible for providing accurate and organized business expenses.





Meticulous Recordkeeping

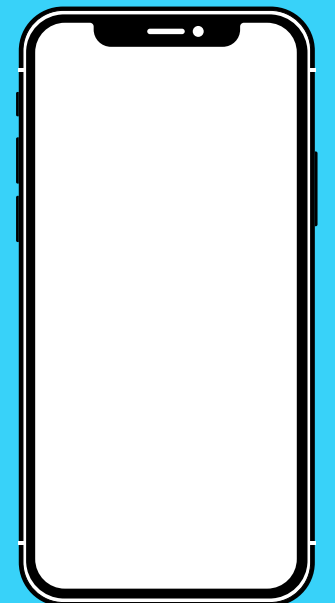
Self-employment income and
expenses



MONTHLY



Paper, spreadsheet, notes app
Quickbooks or other app



Income

\$54,000 Cash/1099

Expenses

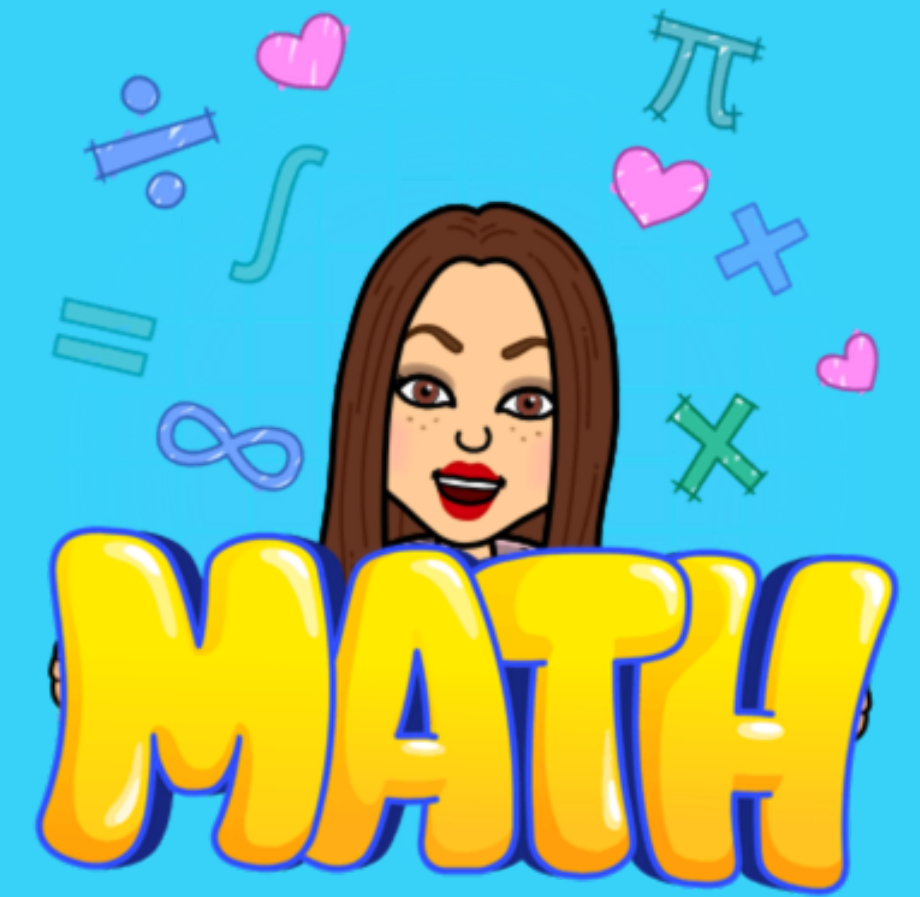
(\$2,000 medical supplies)

(\$1,000 uniforms)

(\$1,000 marketing)

Net Self Employment Income

\$50,000



Income

\$54,000 Cash/1099



**NO ROUND
NUMBERS**

(\$2,000 medical supplies)

Net Self Employment Income

\$50,000

Individual 1040 Schedule C

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss from Business (Sole Proprietorship)

Go to www.irs.gov/ScheduleC for instructions and the latest information.
Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

OMB No. 1545-0074

2022

Attachment
Sequence No. 09

Name of proprietor _____ Social security number (SSN) _____

A Principal business or profession, including product or service (see instructions) _____ **B** Enter code from instructions _____

C Business name. If no separate business name, leave blank. _____ **D** Employer ID number (EIN) (see instr.) _____

E Business address (including suite or room no.) _____
City, town or post office, state, and ZIP code _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

G Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on losses . . . Yes No

H If you started or acquired this business during 2022, check here . . .

I Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions . . . Yes No

J If "Yes," did you or will you file required Form(s) 1099? . . . Yes No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . <input type="checkbox"/>	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	
5	Gross profit. Subtract line 4 from line 3	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross income. Add lines 5 and 6	7	

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	
b	Other	16b		b	Deductible meals (see instructions)	24b	
17	Legal and professional services	17		25	Utilities	25	
28	Total expenses before expenses for business use of home. Add lines 8 through 27a	28		26	Wages (less employment credits)	26	
29	Tentative profit or (loss). Subtract line 28 from line 7	29		27a	Other expenses (from line 48)	27a	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		27b	Reserved for future use	27b	
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31					
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.			32a	<input type="checkbox"/> All investment is at risk.		
				32b	<input type="checkbox"/> Some investment is not at risk.		

EXPENSES
\$4K



INCOME
\$54K



SE NET
INCOME
\$50K



Individual 1040

Page 1

Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2022** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying surviving spouse (QSS)
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial Last name Your social security number
If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
Foreign country name Foreign province/state/county Foreign postal code

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** Were born before January 2, 1958 Are blind **Spouse:** Was born before January 2, 1958 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Income


1a Total amount from Form(s) W-2, box 1 (see instructions)		1a	
b Household employee wages not reported on Form(s) W-2		1b	
c Tip income not reported on line 1a (see instructions)		1c	
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d	
e Taxable dependent care benefits from Form 2441, line 26		1e	
f Employer-provided adoption benefits from Form 8839, line 29		1f	
g Wages from Form 8919, line 6		1g	
h Other earned income (see instructions)		1h	
i Nontaxable combat pay election (see instructions)		1i	
z Add lines 1a through 1h		1z	
2a Tax-exempt interest	2a	b Taxable interest	2b
3a Qualified dividends	3a	b Ordinary dividends	3b
4a IRA distributions	4a	b Taxable amount	4b
5a Pensions and annuities	5a	b Taxable amount	5b
6a Social security benefits	6a	b Taxable amount	6b
c If you elect to use the lump-sum election method, check here (see instructions)			
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here			7
8 Other income from Schedule 1, line 10			8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income			9
10 Adjustments to income from Schedule 1, line 26			10
11 Subtract line 10 from line 9. This is your adjusted gross income			11
12 Standard deduction or itemized deductions (from Schedule A)			12
13 Qualified business income deduction from Form 8995 or Form 8995-A			13
14 Add lines 12 and 13			14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income			15

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.
If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

Standard Deduction for—
• Single or Married filing separately, \$12,950
• Married filing jointly or Qualifying surviving spouse, \$25,900
• Head of household, \$19,400
• If you checked any box under Standard Deduction, see instructions.

W-2 income



SELF EMPLOYMENT NET INCOME \$50K



*Not legal
advice*

What is an LLC?

- LLCs do not offer immediate tax savings
- Division of liability between personal and business
- Mandatory to open a business bank account (EIN)
- Additional expenses of maintaining
- Should consider if in contracts
- Single members can file on 1040, *multi members need to file 1065*
- \$500-\$900 to form - varies by state

Talk to your accountant

*Not legal
advice*

What is an S Corp?

- Additional tax election for your LLC or Corp
- Not for everyone
- Only if your NET self employment income is ~\$60k/yr
- Increases tax preparation cost
- Requires greater level of bookkeeping
- May not actually offer tax savings
- Additional cost for payroll
- Can save tens of thousands in taxes when utilized correctly

Talk to your accountant

Common FAQs

- Can I claim my partner as a dependent?
- What happens if I haven't filed in a few years?
- What if I can't pay my tax bill?
- What is quarterly filing?
- What happens if I'm audited?
- What are other IRS red flags?
- Are medical expenses deductible?

The **2023 approach** to understanding your **self-employed taxes**.

The accounting world has changed, you don't need to sit in a stuffy office to **optimize your small business**.

Work with us a la carte or monthly!

Tax Prep and Planning

Bookkeeping

Payroll

LLC/ S Corp Set Up

Outsourced CFO

prismatax.com

contact@prismatax.com



Any Questions?



*****Everyone's tax situation is very different *****