



CHILDREN'S BOOK
UNIVERSITY

YOUR TAXES AS A CHILDREN'S AUTHOR

CHEAT SHEET (for Authors based in the U.S.)

DISCLAIMER: Every state is different. And tax laws can change. So always consult the latest IRS guidelines or a tax professional for the most current rules.

[Click here for COMPLETE How-To Video](#)

HOBBY VS. BUSINESS

WHAT:

HOBBY

BUSINESS / SOLE PROPRIETOR

WHEN:

- main goal is enjoyment
- irregular activity

- main goal is profit
- regular activity

HOW:

- Report our hobby income as "Other Income" on **Schedule 1 of Form 1040**
- No requirement to register a hobby with any government authority
- May need to register a "Doing Business As" (DBA) name if we operate under a different name

- Report income AND expenses as a "Sole Proprietor" on **Schedule C of Form 1040**
- Usually won't need to register our business with the state (please check with your state)
- May need to register a "Doing Business As" (DBA) name if we operate under a different name

PROS:

- NO Self-Employment Tax

- Business-related expenses can be deducted

CONS:

- Hobby-related expenses cannot currently be deducted

- Self-Employment Tax of 15.3% if Net Earnings are \$400 or more per year

ADVANCED BUSINESS STRUCTURES:
(COMPLETELY OPTIONAL)

- Setting up a separate legal entity, e.g.:
 - LLC
 - S Corp
- Must register with state's business registration agency
- Tax-wise, LLC is treated like a Sole Proprietor as outlined above

NINJA TIPS:

- If STANDARD > ITEMIZED, choose STANDARD
- If ITEMIZED > STANDARD, choose ITEMIZED

The standard deduction amount varies according to our filing status. Here are the amounts for tax year 2023:

- For single or married filing separately: **\$13,850**
- For married filing jointly or qualifying widow(er): **\$27,700**
- For head of household: **\$20,800**

ITEMIZED, DEDUCTIBLE BUSINESS EXPENSES
(Please note that this is NOT an exhaustive list!)

- Home Office
- Materials & Supplies
- Marketing & Promotion
- Professional Services
- Research & Development
- Educational Expenses
- Travel & Meals
- Publishing Costs
- Software & Subscriptions
- Office Equipment
- Legal & Professional Fees
- Membership Dues

- Forming an LLC is optional and NOT required to run as a business.
- Tax-wise, a single-member LLC is treated like a Sole Proprietorship

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