

Self-Employment Income Taxation

Individuals are generally considered self-employed if they earn their income from trade or business and do not have federal and state taxes withheld by an employer. This fact sheet defines self-employment and what taxes self-employed individuals must pay to the government directly. Self-employed people unable to work because of government-mandated closures related to the COVID-19 pandemic may be eligible for federal and state assistance through September 4, 2021.

What is Self-Employment Income?

Self-employment income is income earned from carrying a trade or business as a sole proprietor, independent contractor, or earned through a partnership.

Who is required to file?

Individuals who carry out a trade or business for profit are required to file. Individuals with self-employment net income over \$400 must file an income tax return. Net income is the income generated by the self-employment, minus qualifying business expenses. Self-employed individuals must file annual federal and state income tax forms and pay estimated tax quarterly. Self-employed individuals must pay a self-employment tax (SE tax) in addition to their income tax. The SE tax substitutes for Social Security and Medicare taxes.

Where do I file?

Self-employed individuals list their income and expenses on federal Schedule C. Self-employment taxes are listed on federal Schedule SE (1040-SE).

How do I pay my self-employment tax?

Qualified individuals can use federal form 1040-SE to make estimated tax payments. Estimated tax payments are due quarterly.

Quarterly payments are due on these dates:

- Quarter 1 is due April 15, 2021
- Quarter 2 is due June 15, 2021.
- Quarter 3 is due September 15, 2021.
- Quarter 4 is due January 18, 2022.

Do I qualify for Pandemic Unemployment Assistance (PUA)?

If you are eligible for regular unemployment benefits and are unemployed due to health or economic consequences of COVID-19, you may be eligible for PUA. Find out more at labor.vermont.gov/PUA.

For more information, please see our webpage at tax.vermont.gov/individuals/estimated-income-tax



Disclaimer: The information provided here is intended to be an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information presented here.

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