



**Lower
Manhattan
Cultural
Council**

EMPOWERING ARTISTS,
INVESTED IN COMMUNITY

BASIC FINANCE FOR ARTISTS: DANCE EDITION

WEEK TWO: Tax & Accounting

WHO ARE YOU IN THE TAX GAME? EMPLOYEE VS. SELF-EMPLOYED STATUS

General guidelines for whether an employer considers you an **employee**:

- Your employer asked you to fill out a W-4 form upon hire
- Your employer provides you with a W-2 form showing your gross pay and amounts withheld for tax purposes at the end of the year
- Your employer withholds federal, state, local and social security taxes from your paycheck each pay period and pay them on your behalf to the IRS (these deduction are shown on each paycheck)
- You may be eligible for certain employee benefits, if offered

If you are **free-lancer or self-employed individual working as a consultant** to a company or organization, general guidelines for whether the company/organization also considers you a consultant:

- The company asks you to complete a W-9 form upon hire
- The company provides you with a 1099 form showing your gross pay for tax purposes at the end of the year
- The company does not withhold taxes from your paycheck
- You are responsible for paying a certain amount in estimated taxes to the IRS each quarter (3-month period)
- You are not eligible for any employee benefits the company may offer

The **type of income you receive** from an employer is used by the IRS to determine your status as an employee or as self-employed: W-2 income or 1099 income. You may receive a combination of W-2 and 1099 income, as many artists do.

Try to remain aware of your own employment status with companies/employers and how this can impact your taxes.