

Are you a social media influencer?

If you are, you could have tax consequences that you may not be aware of.

Social media influencers use social media platforms such as Tik Tok, YouTube, Instagram, Facebook, Twitter, or a blog to publish information and build up followers of their content.

Could you be a social media influencer?

Did you receive perks like merchandise, trips, or other income such as store credits or gift cards? Did you earn income by posting pictures, videos, or content on your social media channels that involve product placement or promotion? If so, you may be an influencer. It's important for influencers to know how taxes work.

Being an influencer on social media can be very profitable, but it also comes with its own set of tax obligations. Influencers who earn income through social media may be taking part in business activities and earning business income. If you are paid for social media activities, you must report the income (both monetary and non-monetary) that you earn on your income tax return.

As an influencer, each platform that pays you more than \$600 must send you a Form 1099 to help you file a tax return. They send a copy of that Form 1099 to the IRS at the same time, so the IRS knows about your income even if you don't file or include it on your tax return.

When a person is an employee of a business, their employer withholds taxes from their paycheck and sends the money to the IRS. This way, you pay your income taxes as you go. However, when a person is classified as self-employed (which is frequently the case with Social Media influencers), they're responsible for paying taxes themselves and they may need to pay estimated taxes each quarter.

Since influencers work for themselves, they need to understand the basics of filing taxes as a self-employed person. Social media income is usually subject to self-employment tax and both federal and state income taxes.

Many newly self-employed people are surprised at their tax bill when they file their annual tax return because they notice they're suddenly paying a lot more in tax as a self-employed person than as an employee. That's because they're carrying the full obligation of paying for their Social Security and Medicare taxes (aka FICA taxes).

When you're an employee, you share that cost with your employer, with each of you paying half of the FICA tax. Your share is automatically taken out of your paycheck, so it doesn't usually show up on your income tax return. When you're self-employed, the entire responsibility for paying FICA taxes and prepaying the estimated income tax liability is left to you. The government wants you to make payments of your estimated taxes throughout the year, at a minimum in quarterly installments. If you don't, you may be subject to underpayment penalties.

You may be able to deduct eligible business expenses from your income. It is important to keep track of all expenses related to the business and report them on your tax return to take full advantage of the credits and deductions to which you are entitled. To be deductible, expenses must relate directly to your business activities as social media influencers. They must also be reasonable, not personal in nature, and you must be able to support them.

Things to keep in mind:

- Everyone, including minors, must file a tax return if they had net earnings from self-employment of at least \$400.
- If they owe taxes, teens and young adults should file their own tax return, even if their parent or guardian claims them as a dependent.
- Teens can prepare and sign their own tax return. There is no minimum age to sign a tax return.
- Parents can't claim a dependent's earned income on their own tax return.
- In addition to income tax, people who are self-employed are generally responsible for self-employment tax, too. It's similar to the Social Security and Medicare taxes withheld from the pay of most wage earners.

Please check out the links below and IRS's own Social Media platforms for more information. We also encourage you to share IRS messages on your Social Media platforms.

[Self-Employed individuals Tax Center](#)

[Small Business Self Employed Tax Center](#)

[Is it a Hobby or a Business](#)

[Starting a Business](#)

[Operating a Business](#)

Publications:

[Pub 583, Starting a Business and Keeping Records](#)

[Pub 334, Tax Guide For Small Business](#)

[Pub 4591, Small Business federal Tax Responsibilities – opens in a PDF](#)

[Pub 5801 Tools & Resources for Small Businesses](#)

[Other Recommended Reading for Small Businesses](#)

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Videos:

[IRS Video Portal](#)

Small business owners should **choose the Small Businesses tab**, select a topic, and then select any video.

[Small Business Tax Virtual Workshop](#)

IRS Social Media:

[Facebook](#)

[Twitter](#) [IRS Small Business Twitter](#)

[Instagram](#)

[LinkedIn](#)

[YouTube](#)

Find out what tax credits, deductions and law changes may affect your small business. [YouTube Index](#) of all IRS videos on YouTube.

[Subscribe](#) to e-News for Small Business: it is a free electronic mail service providing tax information for small business owners and self-employed individuals.

[Tips for Choosing a Tax Preparer](#)

[Recordkeeping](#)

Good records will help you monitor the progress of your business, prepare your financial statements, identify source of receipts, keep track of deductible expenses, prepare your tax returns, and support items reported on tax returns.

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