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## ABOUT JANET

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Janet LeBlanc is an accountant, financial educator, and the founder of Paper + Spark. She creates bookkeeping templates and educational content to help artists and creative entrepreneurs get more confident about running the financial side of their business. She's passionate about empowering more women to achieve their entrepreneurial dreams by more completely understanding their financial responsibilities as a business owner and actually feeling GOOD about their money.



# Navigating Self-Employment Tax

WITH JANET  
LEBLANC

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## Blogger Breakthrough Summit Podcast Transcript

### **[00:00:00.000] - Liz Stapleton, Host**

Does figuring out your taxes as an online business owner stress you out? I know taxes can be a daunting topic, but fear not. In today's episode, Janet LeBlanc, we'll be breaking it down for you in a way that is informative, helpful, and most importantly, encouraging. If you're new here, welcome to the Blogger Breakthrough Summit podcast, where we share short, actionable snippets from the incredible sessions at the annual Blogger Breakthrough Summit. I'm your host, Liz Stapleton.

### **[00:00:22.870] - Janet LeBlanc**

Let's dive in. The main type of tax we need to be prepared to deal with is income tax. And this can happen in income taxes at the federal level with the IRS. And if your state has income taxes, then you also are going to be dealing with income tax at the state level. As part of income taxes, you may also owe self-employment tax. This is like the equivalent of what your employer, if you have a regular day job, would withhold from your paycheck each payroll period. This is our version because we don't have payroll as self-employed people. So we pay that as self-employment tax instead. We have income tax on our net income, so that's sales minus expenses. I'll dive into this in detail in a second. Estimated quarterly taxes is if you are going to prepay your income tax bill, so only if you expect you're going to owe. And then totally different animal here, we have sales tax. So sales taxes are governed by your state's Department of Revenue. Not every state has sales taxes. But if you do have sales tax, it's usually only going to be applicable to your business if you're selling products.

### **[00:01:47.040] - Janet LeBlanc**

Physical products, physical products, 98% of the time are subject to sales tax. Digital products are subject to sales tax in about 50% of the states here in the US. So if you're not selling any physical or digital product. If your income is mostly going to be affiliate, advertising, influencer, brand collabs, that thing with your blog, then you probably don't need to worry about sales taxes at all.

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If you're going to be selling digital downloads, you need to figure out if digital products are subject to sales tax in your state or not. If you're going to be selling physical products, then most likely you definitely need to deal with sales tax and get your sales tax permit. I have more resources about sales taxes on my website. It's really complicated, so I don't want to dive deep into that topic here in order to keep it brief and brain friendly for today. So if you have more questions about sales tax in your business, feel free to reach out. Let's talk about income taxes, though, specifically federal income tax. So we've established that you're a business. If you are running your blog with the intent or the reasonable expectation to make a profit.

**[00:03:03.700] - Janet LeBlanc**

If you are a sole proprietor, which you default to when you are a single person running a business, there's not like a partnership. Or if you're a single member, LLC, you got that LLC registration, which you generally don't need to do as a baby business. But in case you already have, then you're going to be wanting to fill out the schedule C a tax time. Schedule C is the tax form that you want to be prepared to deal with to report income tax taxes for your blog. It goes with your personal tax form, the form 1040, and it's due on April 15th with your personal taxes. So it's not a separate thing that you file apart from your personal taxes or you and your family or you and your spouse's taxes. It goes with that. The schedule C is a two-page form. I encourage you to Google it, print it out, look at it, get friendly with it. If you see it now, then it's easier to do your books each month because you have a better idea of what you're going to be asked to report on that form. Those are the things that you need to be tracking each month so that you have the year end totals to go here on the schedule C.

**[00:04:14.350] - Janet LeBlanc**

We could dive in-depth into each line on the schedule C, but I'm going to keep it a brief overview. Again, look at it on your own when you have time. It boils down to basically reporting your sales. So all those different revenue streams

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we talked about, those are going to be your income in part one of the schedule C. And then you get to subtract out all your expenses, those business deductions. So you want to see what type of things they're asking for. Advertising, office supplies, professional services, all sorts of things. You can look here and see what deductions you want to be tracking. And then later on, we subtract the expenses from the income you reported. And the net result is either a net profit, meaning you made money or a net loss, meaning you spent more than you made. The end result of that calculation, that net profit or loss, will travel over to your personal form 1040. It's going to get added to any other income you make or if you're reporting married, filing jointly with a spouse, it will get added to their income as well. So your blog isn't going to be taxed in a vacuum all by itself.

**[00:05:34.190] – Janet LeBlanc**

It gets added to and lumped in with whatever's going on in your personal finances as well. I mentioned that we have sometimes the debate between is my blog a business or is it a hobby? I just wanted to point out this form, the schedule one, also goes with your form 1040. If you're considering your activity a business, then that schedule C, net profit or loss, will travel over here to line three. They do change the line numbers every few years. So don't be alarmed if 2023, 2024 ends up looking different. And then you put your hobby sales. If you don't consider yourself a business and you're not filling out that schedule C, You still have to report those hobby sales over here on what is currently line 8J. All right. But the trick with the hobby sales is you don't get to subtract your deductions. So it's not super beneficial to treat yourself like a hobby. You want to be considering yourself a business so that you can subtract those expenses. And then you just put the net result here on part one. All this gets added together if you have anything else to report here.

**[00:06:50.960] – Janet LeBlanc**

And it travels from line 10 over to your being form 1040, where again, it's going to get lumped in with your personal financial situation. So that is a broad

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overview of the basic steps to getting your financial decks in a row for a new blog business. We want to be prepared to deal with that schedule C at tax time. That's the biggest thing. We want to be keeping track of our members in our bookkeeping system year round so that we know what to report.

**[00:07:19.640] – Liz Stapleton, Host**

I know that was a lot of information, but I hope it was helpful. Remember, it's crucial to stay organized and track your numbers throughout the year. So you're well-prepared come tax time. If you want to learn more or just check out Janet's session in its entirety, check out the Blogger Breakthrough Summit membership. It's a low-cost way to access tons of actionable information from professional bloggers. Be sure to join us next time when we'll dive into copyright notices and how to use them.