

EXCLUSIVE
RESOURCE

2024 TAX GUIDE



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*This tax guide was made in collaboration with Prisma Tax Group. Fansly cannot assist with tax advice.
For further information, please reach out to Prisma Tax Group.*

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Hello there!



I'm Katherine,

a tax accountant and content creator. I'm originally from Buffalo, NY, and I graduated from Niagara University with a Bachelor's in Accounting. I was working in CPA firms right after college, but it just didn't feel right for me. I decided to hit the reset button on my career and moved to Washington D.C. to work as a business manager at a government contracting firm.

But when the pandemic hit I understood new business opportunities were emerging, so I started social media marketing for local businesses. It was in mid 2020 I came across social content platforms. I immediately saw the potential for content creators to shape their own uncommon, independent career paths just as I have. And because of my tax experience, I knew creators would be earning money as independent contractors instead of W-2 employees and may not feel comfortable seeking help in a traditional CPA firm. I quit my full time job on the spot to start my own consulting firm.

Over the few two years, I've helped hundreds of clients safely navigate the tax process as new entrepreneurs. I formed my own tax firm, Prisma Tax Group, to offer tax preparation, bookkeeping, business formation, and all things related to supporting small businesses. I love helping new businesses thrive. If you're on your own unique career path, I'm here to support you.

*I've never been one to follow the crowd.
And if you're here, it's probably because you don't either.*

Taxes are legally required of us, but most of us are taught nothing about them. I even struggled to understand the tax law when I was *literally* getting an accounting degree. There is absolutely no shame whatsoever in feeling anxious or confused - IT'S CONFUSING. But most importantly, it's not impossible.

This guide explains the basics of taxes so you can have peace of mind and make smart business decisions. I've compiled all the most common questions my clients are embarrassed about asking in this ebook for you to have forever. A ton of effort has gone into making the uber-and-unnecessarily-complex tax law as easy to digest as possible. I hope you'll keep this as a trusty reference guide so that even if you don't read this all in one sitting, you can always search for a term you need later.

At Prisma Tax Group, we love working with individuals in the spicy industry. We believe sex work is work and that you and your finances deserve the same respect as a professional in any other industry. I know my clients have difficulty finding this kind of support and education from traditional accounting firms, which is why this ebook is tailored to Fansly creators.

If you're not a sex worker but you're self-employed or on a unique business path of your own, you'll also find that this guide is for you too! The financial literacy offered in this guide will empower you to take control of your finances and pursue the quality of life that you deserve, no matter how you make your money.

Trust yourself!

CHAPTER 1

Why File Taxes?

FILING IS GOOD FOR YOU

There are many reasons that filing taxes is in your best interest. First and foremost, it's a legal requirement. If you don't, the IRS (and potentially your state) will find out and make you pay. Trust me when I tell you they are petty as f*ck.

Your taxes also help fund important local, state, and federal programs including healthcare, social security, education, welfare, and infrastructure. Ever been a recipient of unemployment, food stamps, or any other kind of public assistance? Driven on a road, attended a public school, or used an airport? You can thank ✨taxes✨!

There are TONS of ways that filing taxes directly benefits you and your business, too. Filing enables you to:

- Obtain a future mortgage, car loan, and credit card
- Write off your business expenses
- Qualify for stimulus, tax credits, and deductions
- File for unemployment
- Get social security
- Set up retirement plans
- Invest
- Qualify for (college) financial aid



Without up-to-date filing, these are pretty much out of the picture. Let's get your finances under control so you can have your LIFE under control!

Will I go to jail if I don't file/file incorrectly?

Here's the tea: while jail time is a real possibility as a result of tax evasion, there are SEVERAL steps that will occur if they find out you haven't been filing, or if you happen to file incorrectly.

If there's an issue you'll get notices from the IRS **by snail mail, aka the United States Postal Service**, informing you of penalties, wage garnishments, and warnings before you'd ever be issued a warrant.

That being said, if you continue to avoid filing, they *will* find you and they *will* f*ck with your life.



Tax Evasion Penalties

- Tax evasion is considered a federal crime and a felony criminal offense as dictated by Section 7201 of the US Internal Revenue Code.
- The average jail time for tax fraud is between 3 - 5 years. The maximum sentence for tax evasion is five years.
- If you're convicted, you may be fined up to \$100,000 and sent to jail for up to five years.

Common Tax Crimes

- Hiding income from your side hustle
- Helping someone else evade taxes
- Failure to disclose offshore bank accounts
- Filing a false tax return
- Failure to file

FEAR NOT - I have helped countless clients who have never filed before get up-to-date. If you're behind, **it's never too late to get caught up.** I promise it's not as scary as it sounds, and you are significantly safer from any of the IRS's penalties if you just start taking steps. We got you, and you got this.

What should I do if I get audited?

- Stay calm and take a deep breath.
- Verify the source of the notice. If it's over the phone, it's likely a scam. Audit notices from the IRS will be delivered by mail.
- Contact your tax professional or preparer immediately.
- Review the IRS's request carefully. They will specify the income or expenses they need more information about.
- Gather all necessary documentation such as receipts, client proofs, or any other evidence to support your claims.
- Understand your taxpayer rights:
 - Right to professional treatment by IRS employees.
 - Right to privacy and confidentiality.
 - Right to know why the IRS is requesting information, how they will use it, and the consequences of not providing it.
 - Right to representation.
 - Right to appeal any disagreements.

Being prepared and knowing your rights can help navigate the audit process smoothly.

CHAPTER 2

How To Work With an Accountant

WHAT'S A TAX ACCOUNTANT?

A tax accountant is a qualified tax professional that charges an hourly rate or flat fee to prepare your tax returns in accordance with IRS rulings. Once your tax accountant files your taxes, you will either owe or get a refund from the IRS; **this is different from the fee paid for the accountant's services.**

There are many different types of accountants with different specializations, so you'll want to look for someone who prepares taxes and understands your line of work. There are nuances unique to the spicy industry that are important for your accountant to have a working knowledge of, like your niche, why you're paid in cash, or how to leverage your sugar daddy gifts.

I know that disclosing adult industry work to most accounting firms can be intimidating, scary, or even unsafe - which is why I'm here!

Do I need to hire an accountant to do my taxes?



It's possible you've filed your taxes without hiring an accountant before. Algorithm-based softwares like TurboTax or FreeTaxUSA are cheap and useful options for people with super straightforward tax situations.

But if you're here, a straightforward tax situation is likely not your story. Filing taxes as an independent contractor, business owner, or someone with multiple income streams can be incredibly tricky, so it's important to start thinking about ways to outsource this part of your business to a professional.

Benefits to hiring an accountant include:

- Help handling growth of your business
- Maintain your records
- Freeing up time for you to focus on other important aspects of running your business
- Maximizing your write-offs while staying IRS-compliant
- Advice on business structure or purchasing assets
- Representing you with the IRS in case of a dispute or audit
- Ensuring you don't miss credits and stay up to date with the latest IRS compliance ruling for your business

Lucky for you, you have a spicy industry-friendly and discreet accountant right here!

Learn more about working with
[Prisma Tax Group!](#)

Katherine's team could be the
finance pros in your corner
right now!

Keep in mind that if you're hiring an accountant for the first time, your taxes are going to take more time than you're probably used to. Be sure to contact someone at least 2 weeks in advance of your tax deadlines - read more in the next chapter on timing.

CHAPTER 3

Deadlines

Most people are familiar with the big April 15th individual tax filing deadline. However, there are some additional deadlines that may also apply to you depending on your unique tax situation.

Put your relevant dates in your calendar ASAP, with reminders at least one month before so you can start gathering your documents. Preparing taxes takes time— If you're working with an accountant, there is likely a queue you must join, a tax preparer and CPA separately need to complete and review your return, and there may be questions for you in the process. Filing your taxes is not something your accountant can accomplish on time without at least two weeks notice, though the cutoff date will vary depending on the accountant. Basically, waiting until the last minute is NOT the move.



What if the deadline is already too soon/passed? Is it too late?

Let's say it's less than two weeks from your tax deadline, or the deadline has passed - what do you do? You still have a couple of options. You could have your accountant file your taxes late and deal with a late filing penalty- the earlier you do this the better, still, because the penalty increases with each month you file late.

If the deadline is right around the corner, you could also file an extension (Form 4868) - but note this is an extension to file, **not an extension to pay**.



TAX YEAR

Taxes are always filed *retrospectively*, meaning for the previous year.

If you're filing taxes that are due on April 15th, 2024, all the income and expenses you're reporting on occurred in the entire calendar year of 2023, from January 1st to December 31st. In 2024, you file your 2023 taxes. In 2025, you'll file your 2024 taxes.

You can't file taxes until after you've earned all your income for the year and you've received necessary documents. If you're trying to file your taxes as early as possible, late January is the earliest you can file. The IRS begins accepting tax returns around the third week of January every year. Being proactive in your bookkeeping is the best way to get ahead.



MAJOR DEADLINES



Note: this is not an exhaustive list, but the most relevant deadlines. There are also state deadlines depending on how your business is structured and what state you're doing business in, and these dates could change after publication of this guide.

January 15: Final quarter estimated tax payment due.

January 31: Employers are to send 1099-NEC and W-2, if you paid anyone over \$600 during the year you owe them a 1099.

March 15: 1120S and 1065 tax returns are due or file extension.

April 15: 1040 tax returns are due or file an extension to file with form 4868 (**payment is still due even if extended**). First quarter estimated tax payments due. IRA and HSA contributions for current tax year are due.

June 15: Second quarter estimated tax payment due.

September 15: Third quarter estimated tax payment due. Extended 1065 and 1120S tax returns are due.

October 15: Extended 1040 tax returns are due.

CHAPTER 4

Identify Your Earning & Filing Status

How you earn your income affects how you file your taxes. The first thing you need to identify is whether you receive a Form W-2 and/or a Form 1099 when tax time comes around.

W-2s and 1099s are documents that summarize the income you earned from a single employer in a tax year. You will often be mailed physical copies of them in the first few months of the year. If you don't receive them by mail, you will need to contact your employer directly to receive your copy. It's also totally acceptable to reach out ahead of time and ask if you are a W-2 or 1099 employee before you receive them.

W - 2

Your employer HAS withheld taxes from your paychecks.

It's possible you might still owe/get a refund when you file your taxes, mostly depending on how accurately your employer withheld, but your taxes on this income are *pretty much* already taken care of by this employer.

1 0 9 9

Your employer HAS NOT withheld taxes from your paychecks.

You're more likely to owe, BUT write-offs can help reduce this significantly as long as they are IRS-compliant. *You should receive a 1099 from an employer if you received more than \$600 total from them in the calendar year.

FORM W-9

Creators obtaining paid subscriptions from Fansly are considered independent contractors in the eyes of the IRS. What does this mean? It means you are personally responsible for paying the income and payroll taxes to the IRS and applicable state(s).

You'll recall when you signed up for Fansly you had to fill out form W-9. Form W-9 is used in the United States income tax system by a third party who must file an information return with the Internal Revenue Service. It is vital that you filled out **this form** using your real information.

Form W-9
 (Rev. October 2018)
 Department of the Treasury
 Internal Revenue Service

Request for Taxpayer Identification Number and Certification
 ▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name (disregarded entity name, if different from above)

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

Individual/sole proprietor or single-member LLC
 Limited liability company. Enter the tax classification (C-C corporation, S-S corporation, P-Partnership) ▶ _____
 C Corporation
 S Corporation
 Partnership
 Trust/estate

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
 Exempt payee code (if any) _____
 Exemption from FATCA reporting code (if any) _____

5 Address (number, street, and apt. or suite no.) See instructions.

6 City, state, and ZIP code

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)
 Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other TIN, later.
Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

Social security number
 _____ - _____ - _____
 or
 Employer identification number
 _____ - _____

Part II Certification
 Under penalties of perjury, I certify that:
 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
 3. I am a U.S. citizen or other U.S. person (defined below); and
 4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶ _____ Date ▶ _____

General Instructions
 Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.
Purpose of Form
 An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other returns include, but are not limited to, the following:
 • Form 1099-INT (interest earned or paid)
 • Form 1099-DIV (dividends, including those from stocks or mutual funds)
 • Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 • Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 • Form 1099-S (proceeds from real estate transactions)
 • Form 1099-K (merchant card and third party network transactions)
 • Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 • Form 1099-C (canceled debt)
 • Form 1099-A (acquisition or abandonment of secured property)
 Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
 If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding.

Cat. No. 10231X
 Form W-9 (Rev. 10-2018)

FORM W-2

Most people in the United States are paid as employees of a company and receive a W2 at year end; they punch the W2 into Turbo Tax, file their tax return, get their refund and boom-life is good.

What many people don't realize about being an employee is that your employer is paying payroll taxes on your behalf just to have the honor of employing the employee. The employer withholds all federal, state and payroll taxes you are required to pay on your wages making your tax responsibilities extremely easy at year end.

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld
			5 Medicare wages and tips		6 Medicare tax withheld
			7 Social security tips		8 Allocated tips
d Control number			9		10 Dependent care benefits
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans	
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>
			14 Other		12a
15 State Employer's state ID number			16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.
					19 Local income tax
					20 Locality name

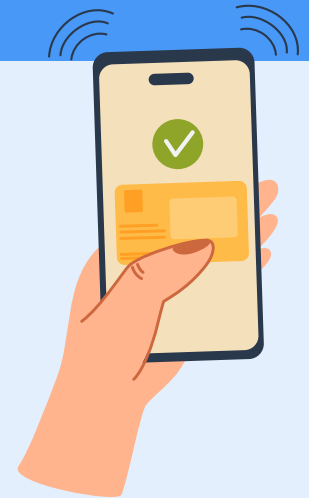
FORM 1099-K

As an independent contractor, things become a bit more complex. Each year, an independent contractor who made more than \$20,000 will receive a Form 1099-K from Fansly instead of a W-2. The 1099-K reports the total earnings for the year without any taxes withheld. The independent contractor is then responsible for paying the income tax and payroll tax associated with those earnings.

If you earn less than \$20,000 on Fansly and do not receive a 1099-K, all of the income you earned on the platform is STILL taxable and should be included on your tax return.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-2205		Payment Card and Third Party Network Transactions		
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S TIN	Form 1099-K (Rev. March 2024) For calendar year _____			Copy B For Payee <small>This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.</small>
		PAYEE'S TIN				
1a Gross amount of payment card/third party network transactions \$ _____		1b Card Not Present transactions \$ _____	2 Merchant category code			
3 Number of payment transactions		4 Federal income tax withheld \$ _____				
5a January \$ _____		5b February \$ _____				
5c March \$ _____		5d April \$ _____				
5e May \$ _____		5f June \$ _____				
5g July \$ _____		5h August \$ _____				
5i September \$ _____		5j October \$ _____				
5k November \$ _____		5l December \$ _____				
6 State		7 State identification no.		8 State income tax withheld \$ _____ \$ _____		
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S TIN				
PAYEE'S name		5a January \$ _____				
Street address (including apt. no.)		5b February \$ _____				
City or town, state or province, country, and ZIP or foreign postal code		5c March \$ _____				
PSE'S name and telephone number		5d April \$ _____				
Account number (see instructions)		5e May \$ _____				
		5f June \$ _____				
		5g July \$ _____				
		5h August \$ _____				
		5i September \$ _____				
		5j October \$ _____				
		5k November \$ _____				
		5l December \$ _____				
		6 State		8 State income tax withheld \$ _____ \$ _____		
		7 State identification no.				

Form 1099-K (Rev. 3-2024) (Keep for your records) www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service



Like with W-2s and 1099s, it's possible you might be a hybrid. Here are the most common types of earners and how to identify which apply to you.

EMPLOYEE

- Employed part time or full time by a company (salaries or not)
- You receive a W-2 from your employer
- You may have completed a W-4 when you started working

SINGLE MEMBER LLC

- LLC stands for “Limited Liability Company” and formation involves a state application process
- Has limited liability protection like an LLC but is treated for tax purposes like a sole proprietor
- Uses an Employer Identification Number (EIN) on a W-9 form and often maintains a separate business bank account

SOLE PROPRIETOR OR INDEPENDENT CONTRACTOR

- Earns self-employment income or receives a 1099
- Uses their Social Security Number (SSN) on a W-9 form
- Typically operates with a personal bank account

Employee Sole
Proprietor Single
Member LLC
Hybrid



You will file all your
income together on a
personal (a.k.a.
individual) tax return,
Form 1040

Multi-member
(Partnership) LLC



Requires separate
filing of **Form 1065**

LLC taxed as
an S-Corp



Requires separate
filing of **Form 1120S**

FORM 1040

Form 1040 is an IRS tax form used for personal federal income tax returns filed by United States residents. The form calculates the total taxable income of the taxpayer and determines how much is to be paid or refunded by the government.

SCHEDULE C (Form 1040) Profit or Loss From Business (Sole Proprietorship)

Department of the Treasury Internal Revenue Service

OMB No. 1545-0074

2023 Attachment Sequence No. 09

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor _____ Social security number (SSN) _____

A Principal business or profession, including product or service (see instructions) _____ **B** Enter code from instructions _____

C Business name. If no separate business name, leave blank. _____ **D** Employer ID number (EIN) (see instr.) _____

E Business address (including suite or room no.) _____
City, town or post office, state, and ZIP code _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses Yes No

H If you started or acquired this business during 2023, check here Yes No

I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions Yes No

J If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1
2	Returns and allowances	2
3	Subtract line 2 from line 1	3
4	Cost of goods sold (from line 42)	4
5	Gross profit. Subtract line 4 from line 3	5
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6
7	Gross income. Add lines 5 and 6	7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	18	Office expense (see instructions)	18
9	Car and truck expenses (see instructions)	9	19	Pension and profit-sharing plans	19
10	Commissions and fees	10	20	Rent or lease (see instructions):	20a
11	Contract labor (see instructions)	11	a	Vehicles, machinery, and equipment	20b
12	Depletion	12	b	Other business property	20b
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21	Repairs and maintenance	21
14	Employee benefit programs (other than on line 19)	14	22	Supplies (not included in Part III)	22
15	Insurance (other than health)	15	23	Taxes and licenses	23
16	Interest (see instructions):	16a	24	Travel and meals:	24a
a	Mortgage (paid to banks, etc.)	16a	a	Travel	24a
b	Other	16b	b	Deductible meals (see instructions)	24b
17	Legal and professional services	17	25	Utilities	25
28	Total expenses before expenses for business use of home. Add lines 8 through 27b	28	26	Wages (less employment credits)	26
29	Tentative profit or (loss). Subtract line 28 from line 7	29	27a	Other expenses (from line 48)	27a
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	b	Energy efficient commercial bldgs deduction (attach Form 7205)	27b
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31			
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.	32			

32a All investment is at risk.
32b Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P Schedule C (Form 1040) 2023

SCHEDULE C & 1040

For reference, your Schedule C income will be represented on line 7 of the 1040.

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/ScheduleC for instructions and the latest information.		2023 Attachment Sequence No. 09		
Name of proprietor				Social security number (SSN)		
A Principal business or profession, including product or service (see instructions)				B Enter code from instructions		
C Business name. If no separate business name, leave blank.				D Employer ID number (EIN) (see instr.)		
E Business address (including suite or room no.) City, town or post office, state, and ZIP code						
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify)						
G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No						
H If you started or acquired this business during 2023, check here <input type="checkbox"/>						
I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No						
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No						
Part I Income						
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1				
2	Returns and allowances	2				
3	Subtract line 2 from line 1	3				
4	Cost of goods sold (from line 42)	4				
5	Gross profit. Subtract line 4 from line 3	5				
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6				
7	Gross income. Add lines 5 and 6	7				
Part II Expenses. Enter expenses for business use of your home only on line 30.						
8	Advertising	8		18	Office expense (see instructions)	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	
10	Commissions and fees	10		20	Rent or lease (see instructions):	
11	Contract labor (see instructions)	11		20a	Vehicles, machinery, and equipment	
12	Depletion	12		20b	Other business property	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	
15	Insurance (other than health)	15		23	Taxes and licenses	
16	Interest (see instructions):			24	Travel and meals:	
a	Mortgage (paid to banks, etc.)	16a		a	Travel	
b	Other	16b		b	Deductible meals (see instructions)	
17	Legal and professional services	17		25	Utilities	
18	Office expense (see instructions)	18		26	Wages (less employment credits)	
19	Pension and profit-sharing plans	19		27a	Other expenses (from line 48)	
20	Rent or lease (see instructions):			27b	Energy efficient commercial bldgs deduction (attach Form 7205)	
20a	Vehicles, machinery, and equipment			28	Total expenses before expenses for business use of home. Add lines 8 through 27b	
20b	Other business property			29	Tentative profit or (loss). Subtract line 28 from line 7	
21	Repairs and maintenance			30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	
22	Supplies (not included in Part III)			31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	
23	Taxes and licenses				32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.
24	Travel and meals:				32a <input type="checkbox"/> All investment is at risk.	
a	Travel				32b <input type="checkbox"/> Some investment is not at risk.	
24b	Deductible meals (see instructions)					
25	Utilities					
26	Wages (less employment credits)					
27a	Other expenses (from line 48)					
27b	Energy efficient commercial bldgs deduction (attach Form 7205)					
28	Total expenses before expenses for business use of home. Add lines 8 through 27b					
29	Tentative profit or (loss). Subtract line 28 from line 7					
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30					
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Things like your marital status or how many people you support financially can affect how much you are taxed and in what ways. **Your filing status is determined by what applies to you on the last day of the year you are filing for.**

Most common types of filing statuses:

SINGLE

Unmarried individuals

Married but got divorced any time before Dec. 31st

HEAD OF
HOUSEHOLD

Unmarried individuals who pay more than half the cost of maintaining a home for themselves and a qualifying person, such as a child or dependent

MARRIED
FILING
JOINTLY

Most married couples

MARRIED
FILING
SEPARATELY

Married individuals who choose to file separately due to various reasons such as high earnings, concerns about hidden income, or tax liability issues

QUALIFYING
WIDOW(ER)
WITH
DEPENDENT
CHILD

Surviving spouses who have a dependent child can use this status for the two tax years following the year of their spouse's death

CHAPTER 5

Write-Offs

WHAT IS A WRITE-OFF?

A tax write-off (also called a **business expense** or **deduction**) is an expense that is both ordinary and necessary to you earning income as an independent contractor. These expenses are subtracted (**deducted**) from your 1099 (independent contractor) income, which reduces your gross income, the amount of income that the IRS deems taxable.

As an independent contractor it's very common to owe taxes rather than get a refund, but write-offs can help you reduce them when done appropriately. By writing off necessities like toys, lights, makeup, or mileage, **it can be a huge money-saver long as you're playing by IRS rules.**



How do I know what counts as a write-off?

A whole book could be written on this topic, as there's a lot to unpack, and unfortunately for the spicy industry, it is not very straightforward. The research provided here aims to guide readers based on tax laws and legal precedent. However, it is still important to be diligent and consult a tax professional.

Just because you swipe your business card DOES NOT automatically make it a business expense.

In general, to be a business expense it must be:

- Not lavish
- Not personal
- Considered a normal expense that helps run the business

Do you feel confident that under audit you could prove that an expense is related to your earnings? Don't get creative; if it feels like a stretch, it's better to play it safe.



Keep in mind that the IRS sees round numbers as a red flag. Be sure to use exact amounts when writing off. If the expense was \$117.82, you should track it in your books as \$117.82 and not \$117, \$115, or \$120.

IRS CATEGORIES

Advertising

Education and Training

Car and Truck Expenses

Rent and Lease

Contractors

Miscellaneous

Employee Benefits

Travel

Office Supplies & Postage

Supplies

SPICY EXAMPLES

Paid promo, shout out for
shout out

Pole classes, continuing education

Vehicle expenses

Home office deduction

Paying your assistant/manager

Bank fees, tax prep services,
tip-outs, certain business meals

Health insurance

Business travel

Office supplies for your home
office

Niche-specific supplies, make up,
and clothes used exclusively in
content creation or at the club

This is yet another reason it's important to work with an accountant - they will be able to make sure you are taking all the correct deductions for your employment situation.

BUSINESS TRAVEL

First, determine whether your trip is considered business travel.

You must be:

- Outside the city or general area where you do the most amount of business.
 - If you mostly make content at home, that's the area where you live.
- Spending more than 50% of your time on the trip on business.

If it's definitely business travel, you can **only** write off expenses on business days.

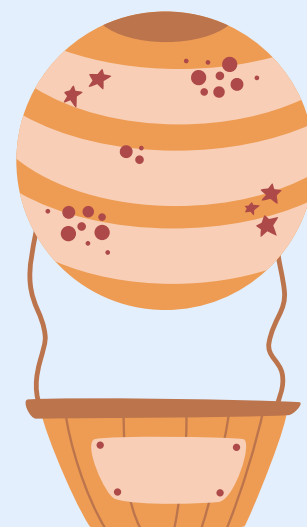
You can write off everything on business days as long as it's not lavish or extravagant. Not a business day means no write-offs.

Entertainment and meal delivery services **do not** count, even on a business day.



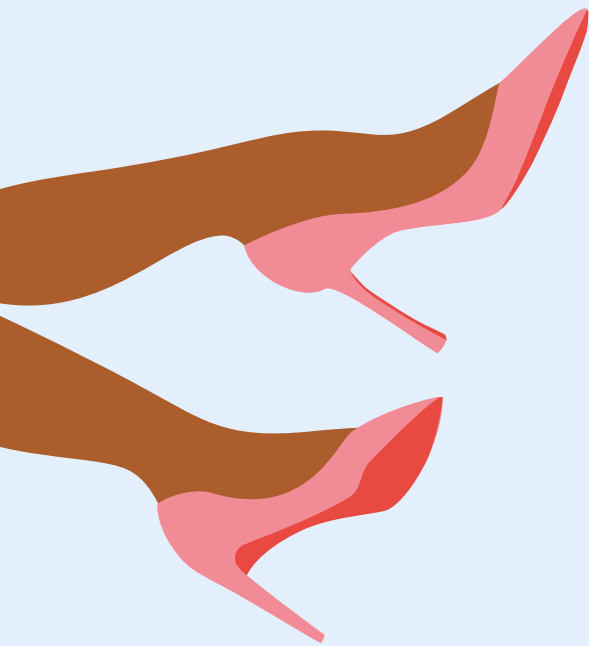
Some examples of write-offs:

- Flights
- Ubers
- Subways
- Buses
- Hotel
- Group meal to discuss business with other content creators
- Business-related tolls or parking fees



CLOTHING

If you're buying clothes for content/dancing, there is a chance you may be able to write it off. There have been many cases ruling against clothing, so you have to be careful and strategic.



The three rules determined by these court cases are:

1. The clothing is required or essential for your your employment or business
2. The clothing is not suitable for general or personal wear
3. You can prove you don't wear it personally

APPEARANCE

Obviously, in order to be a thriving exotic dancer or Fansly model, you must maintain certain beauty and appearance standards. These expenses are a gray area as many appearance purchases can be used for personal use.

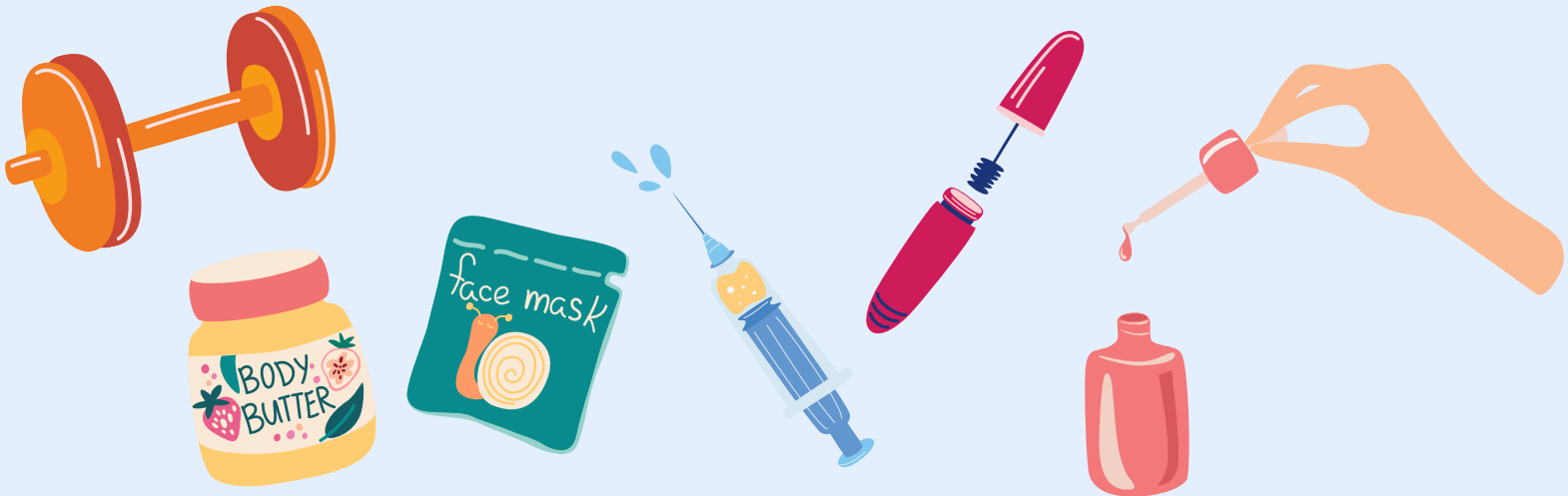
In order to count as a write-off, **you must be able to take it off when you leave work**. Think press-on nails or wigs. That means expenses that affect your appearance around the clock (like haircuts or gym memberships) do not count. I know this is bad news, but it's the law; I'm just the messenger.

✓ COUNTS

- Strip lashes needed for work
- Press on nails needed for work
- Wigs needed for work
- Separate makeup bag for content creation/club

✗ DOESN'T COUNT

- Botox
- Massages
- Gym memberships
- Personal trainers
- Lash and hair extensions
- Facials
- Makeup worn day-to-day



HOME OFFICE DEDUCTION

If you use part of your home for business exclusively or regularly, then some of your cost of living there qualifies as a write-off! You can't write off the cost of your entire home but you can write off the percentage of your total rent and utilities that your home office is equal to. This applies only to lease and rent payments, not mortgage payments. The square footage of your home office must be limited to one room, **even if you're using the entire home to create content.**



Here's how to calculate it:

Measure the square footage of your home office space.

$$\begin{array}{r} 10 \text{ ft} \\ \times 8.5 \text{ ft} \\ \hline = 85 \text{ ft}^2 \end{array}$$

length of office space
width of office space

Divide your home office square footage by your total square footage to find the percentage. (move your decimal to the right twice to turn the number into a %!)

$$\begin{array}{r} 85 \\ \div 1200 \\ \hline = 0.071 \end{array}$$

home office ft²
total home ft²
(a.k.a. 7.1%)

Calculate that percentage of your monthly payment.

$$\begin{array}{r} \$2150 \\ \times 0.071 \\ \hline = \mathbf{\$152.65} \end{array}$$

rent
home office percentage
monthly home office deduction

VEHICLE DEDUCTION

If you drive anywhere for work with a personal vehicle, you can write off your mileage. Be sure to keep a detailed log of dates, miles traveled, and business justification as part of your bookkeeping.



There are 2 ways to deduct expenses related to your personal vehicle:

Standard method (easier)

Track every single mile driven for business (to and from photo- shoots, traveling to collabs, etc.) At the end of the year your accountant will multiply your miles driven by the federal standard mileage rate (just raised to 67 cents/mile for 2024)

Actual method

Tally all of your car expenses throughout the year (maintenance, gas, tire changes, insurance, etc.), your total miles driven for the year, and your total business miles driven. Then, you can deduct the % of time in the vehicle spent for business.

$$\frac{(\text{Business miles driven} \div \text{total miles}) \times \text{Actual car expenses}}{\text{Deduction}}$$

Van life may have different treatment based on your unique tax situation.

How do I write things off?

Now that you know how to determine what purchases you're making are business expenses, it's important to keep track of them as you make them and keep your receipts! This is part of a process called bookkeeping.

Read more about effective bookkeeping in the next chapter!



CHAPTER 6

**Organize Your
Sh*t
(Bookkeeping!)**

WHAT IS BOOKKEEPING? ⁴¹

Bookkeeping is the detailed recording of your financial transactions and is an essential step in any business.

This includes:

- Documenting every financial transaction (payments and expenses)
- Recording all debits and credits
- Sending invoices and processing payments
- Preparing financial statements (balance sheet, income, and cash flow)
- Maintaining and balancing a general ledger
- Completing payroll functions



When do I bookkeep?

Ideally once a week. I know - you're like "who tf has time for that??" Realistically, you should absolutely close your books monthly. And the more transactions you have, the more often you should update your books.

Once you start getting into the monthly groove, you'll find it easier to increase your bookkeeping frequency.

Just start somewhere - you'll thank yourself later.

Do I need to save all my receipts?

Short answer, yes. Your accountant doesn't need every single receipt, just your organized annual expense totals. BUT, in the event of the audit you will need your detailed records.

What if I don't get a receipt for something? (e.g. tip outs)

You can still take the expense as long as you are tracking it in detail in your bookkeeping. If you are audited, you can provide proof with your own records.



BOOKKEEPING STEPS

1

Apply for a new bank account.

This can be a business checking account if you have an EIN, or it can be a regular personal checking account that is separate from where your personal transactions occur.

2

Deposit all of your self-employed income to this account (including cash-outs).

3

Pay yourself from the new account:

- Transfer \$\$ from this bank account to your personal account
- Leave a % here to use for expenses
- Save a % of your income for tax payments

4

Use your business account's card to pay for business expenses.

Voilà! Your bookkeeping process is 50x easier!



SYSTEMS

There's no right or wrong way to do this. Find a system that is realistic for you to maintain and don't be hard on yourself if you need to try a few systems until you find one that works for you. Options include:

- Use my free income and expense tracker that I've optimized for spicy content creators
- Pen and paper
- Phone notes
- Excel/Google Sheets/Numbers
- Quickbooks can be great to nearly automate your bookkeeping and have it all in one place
- You can even hire a professional bookkeeper to help you with this - a service offered at my firm, Prisma Tax Group!



PROCESS

1

Pull out all of the business receipts you're going to log and enter them into your bookkeeping system

2

File the receipts in a safe place as a backup (physical OR digital)

3

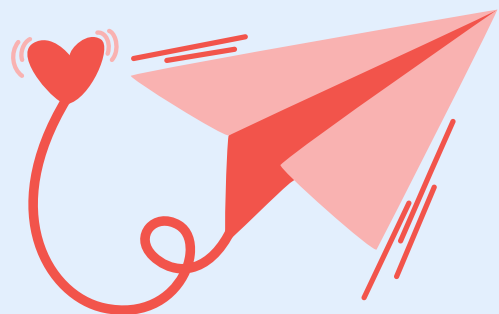
Log all expenses made via business account

4

Open all mail and pay any necessary bills related to you business

5

Log your business miles driven



CHAPTER 7

Hiring a Team

ASSISTANTS

An assistant can be a great investment in your business, freeing up time for you to focus on content creation and growth while they act as an extension of yourself. Some things to keep in mind when hiring an assistant:

- Make sure you are working with someone you can trust your logins and content with. No matter who they are - even if you've known them for your entire life - make sure you have a written agreement and NDA. Being proactive is **EXTREMELY** important - don't wait and see if things will go south.
- Once you pay them over \$600 in a tax year you owe them a 1099-NEC by January 31st. To get the information you will need to file their 1099-NEC, they will need to complete a Form W-9 (Filing your 1099s is a service I offer!).

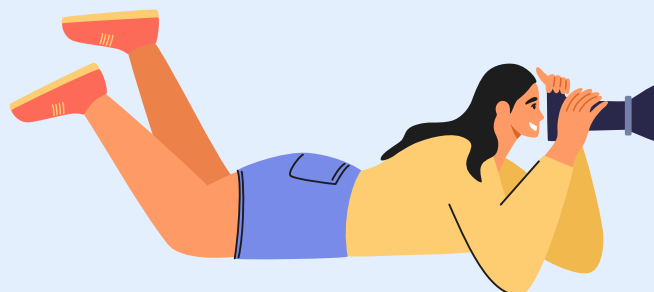


MANAGERS AND AGENCIES

Management is when someone who is not the content creator is paid to run or operate your Fansly page. This can also be a great investment in your business, spicy or otherwise. However since Fansly is fairly new, there is no industry standardization, meaning there are people out there looking to exploit business owners like you.

Here are some things to keep in mind if you're looking at hiring management:

- Under absolutely no circumstances should your manager be taking more than 50% of your profits. You are the business owner, the content is yours, and you should be keeping 60-80% of your income depending on how much your management is handling.
- The manager's cut should come after Fansly's cut.
- The earnings need to be deposited into the owner's account, NOT your manager's. Otherwise this is an IRS red flag and can be viewed as trafficking, and could get your Fansly account shut down by the platform.
- There should be a written contract (keep reading for deets) preferably between your single member LLC and your manager or their LLC



WRITTEN AGREEMENTS

While it might not seem of much importance initially, **having a written contract is crucial any time you're going to be earning income with someone else.** Whether they are your boyfriend, a friend, or strictly a business partner, having a written agreement between you will help protect both of your best interests and prepare you for situations you might not be able to foresee initially.

This can be an informal written agreement, but should include key information such as:

- Both of your names
- The percentage each partner agrees to receive
- Whose name and LLC the content creation account will be in
- Who is responsible for distributing payment
- Both of your signatures

An example of this agreement would be along the lines of the below:

"Tom agrees to pay Ashley 50% of all revenue generated from the Fansly account X. Payments will be made electronically and in a lump sum on a monthly basis. We agree not to disclose any personal information about each other or each other's brand. We agree that any content created together is for the purpose of Fansly and not to be distributed anywhere else unless agreed upon in writing. Either party can terminate this agreement with a month's notice. "

Please note this is not legal advice, and the purpose of this contract is to support you when it comes to tax preparation services.

If you want to ensure you have a legal contract that would hold up in court, it is best to consult with an attorney.

Thank you!

You are in charge of your own business - no one else. By educating yourself on how your business actually works, you are empowered to make decisions on your own related to your income rather than relying on other people.

**Want the Prisma Tax Group team in your corner?
We got you.**

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Personal Tax Planning
Advanced Tax Strategies
Monthly Bookkeeping
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[Client Intake Form](#)