

IT'S TAX TIME



intuit FINANCIAL FREEDOM FOUNDATION

FOOD DELIVERY DRIVERS FAQs

- 1. Are food delivery drivers considered self-employed?** Yes, as a **delivery** driver for Uber Eats, DoorDash, Postmates, GrubHub and more, you will be classified as an independent contractor. That means that you are your own boss and will be responsible for your own taxes, but you're eligible for business-related deductions.
- 2. What can I write-off as a food delivery driver?** As a delivery driver Independent contractor you can typically deduct work-related expenses on Schedule C. Here are some common expenses you may be able to deduct:
 - a. Mileage.** It's essential to keep track of all of the miles you drove for business. If you keep careful records, you can usually deduct the miles you drive making deliveries as well as miles for picking up supplies and running business-related errands. For 2020 tax returns, you can use the standard mileage rate to take a deduction of \$0.575 per business mile. Alternatively, you can use the **Actual Expense Method** to deduct the business portion of costs like gas, repairs and maintenance. Determine what it actually costs to operate the car for the portion of the overall use of the car that is business use, including gas, oil, repairs, tires, insurance, registration fees, licenses, and depreciation (or lease payments) attributable to the portion of the total miles driven that are business miles. For more information go [here](#).
 - b. Parking and tolls.** In addition to your mileage, you can also deduct parking fees and tolls related to your work.
 - c. Is the phone that you use just for delivery driving?** If so, you can deduct 100% of the cost of the phone and your monthly data plan. However, if you use your phone for both work and personal needs, you'll need to split your deduction between business and personal use by multiplying your total cell phone bill by the percentage it was used for your business. This is the amount of your deduction. For example, if your annual cell phone bill



PRESENTED BY

intuit FINANCIAL FREEDOM FOUNDATION

TaxTimeAllies.org

IT'S TAX TIME



intuit FINANCIAL FREEDOM FOUNDATION

was \$1,000, and it was used for business purposes 50 percent of the time your deduction is \$500

- d. **Supplies.** Many delivery drivers purchase hot bags and blankets for keeping [food deliveries](#) warm, courier backpacks, phone chargers and dashboard mounting systems and other supplies. Supplies like these are generally a deductible expense.
 - e. **Roadside assistance.** Did you get a roadside assistance plan? You can deduct a percentage of your annual membership fee based on the percentage of miles you drive for work.
 - f. **Commissions and fees.** If you drive for a delivery app and they charge a commission, you can typically deduct the fees paid to the platform.
 - g. **Bike and accessories.** If you deliver by bike instead of car, generally you can write off the cost of repairs as well as any necessary accessories.
3. **If I am a food delivery driver do I have to pay taxes?** Yes, as an independent contractor, you're usually responsible for paying your own taxes. You typically don't have an employer to withhold them for you. And just as an employer withholds a portion of each paycheck, the IRS expects you to pay taxes as you earn money throughout the year.
- a. If you expect to owe taxes of \$1,000 or more, you're usually required to make quarterly [estimated tax payments](#).
 - b. Those payments are generally due on April 15, June 15, September 15 and January 15 of the following tax year.
 - c. If you skip making a payment or pay late, you may have to pay a penalty when you file your tax return.



PRESENTED BY

intuit FINANCIAL FREEDOM FOUNDATION

TaxTimeAllies.org