

Rideshare, Delivery, and Independent Drivers Toolkit

Uber, Lyft, Grubhub, DoorDash, Uber Eats, and Seamless are some of the biggest apps in New York City for rideshare and food delivery. If you earn money on one (or more) of these apps, or if you are an independent taxi driver, this toolkit will help you understand some important tax filing information.

Understand Your Independent Contractor Status

If you are an independent taxi driver, drive for a rideshare app, or deliver for a food delivery app, [your app may classify you as an independent contractor](#). This means that you need to pay taxes on your own. Apps like Uber, Lyft, DoorDash, and Grubhub do not subtract state and federal taxes from your pay automatically. For more information, [visit our toolkit for self-employed individuals](#).

Frequently Asked Questions

What are my most important responsibilities as a self-employed driver?

1. Track Driving Income and Expenses

The most important thing you can do to set yourself up for success is to track your driving and delivery-related income and expenses. If you do this accurately, you will know exactly how much you can deduct from your taxes at the end of the year.

Seeing your income is simple. If you drive for Uber, Lyft, or as an independent taxi driver, you can see your total earnings in the apps or in a printout of your trip summary. If you deliver for Grubhub, DoorDash, or another food delivery app, you can also view your earnings in the apps. However, you will most likely have expenses that are not tracked automatically. To make sure your taxes accurately reflect the actual costs of being a self-employed driver or delivery worker (and maximize your tax refund in the process), it is important to log these expenses very carefully. Some good things to track are below:

| Every self-employed person should track... | If you are a driver, you should track... | If you are a bicycle delivery worker, you should track... |
|--|---|---|
| <ul style="list-style-type: none"> • App-related fees • Repairs and maintenance • Phone plan • Insurance • Payments for any software used | <ul style="list-style-type: none"> • Mileage (both business and personal) • Gas • Snacks, refreshments, and supplies • Rental or lease payments • Washing and polishing • TLC licenses • Parking fees • Tolls and EZ pass | <ul style="list-style-type: none"> • Cost of purchasing a bicycle (or total monthly payments if you are paying for it over time) • Battery replacement costs • Tools and supplies • Tires • Bicycle accessories (lights, racks, and bells) • Storage rental costs |

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> • Garage rent • First aid kits • Personal property taxes paid • Tires • Towing charges | <ul style="list-style-type: none"> • Weather/safety supplies, such as raincoats, helmets, and goggles |
|--|--|--|

Many drivers and delivery workers use some kind of app or software to track these expenses. Search the app store or do a web search to compare options that best fit your needs. You can also [use our Free Income and Expense Tracker](#) if you do not already have a way to track these costs.

2. Pay Quarterly Estimated Taxes

As an independent contractor, you may have to pay [estimated quarterly taxes as determined by the IRS](#). Quarterly taxes are based on the amount of money you expect to earn this year or how much you made the previous year. When you file a return at the end of the year, the government will pay you back if you overpaid, or tell you how much you still owe if you underpaid. If you don't pay throughout the year, you may owe a lot of money to the government during tax filing season and will have to pay a penalty.

[Speak to an NYC Free Tax Prep provider](#) or attend a free workshop to ask questions about how to pay your quarterly estimated taxes.

3. File Your Annual Tax Return

During tax season, whatever apps you use will issue your tax forms. You can access these forms in the apps themselves. Make sure to save any of the following forms you're issued: **1099-K, 1099-NEC, and 1099-MISC**. You will need to show these to a tax professional or enter information from them into an E-filing software to file your taxes. Make sure they are saved somewhere safe!

As a driver or delivery worker, what are deductions I can claim?

It is very important to keep good records so you can properly claim deductions during tax season. When your app treats you as an independent contractor, you are in the same category as a small business for tax purposes. This means you can deduct expenses related to your work from the amount of money you need to pay in taxes each year. Some examples are below:

- You drive for Uber and Lyft and pay weekly to rent a vehicle. You can deduct this from the amount of money you need to pay in taxes.
- You are a delivery worker, and you have an electric bicycle you use exclusively for work. One day, your battery breaks, so you go to the store and buy a replacement. The cost of that battery can be deducted from the amount you need to pay in taxes.

Whether you work with a tax professional or use an E-filing software, if you keep good records, it will make claiming deductions much easier.

Use of a Private Vehicle - Mileage Deduction vs. Actual Expenses Deduction

If you are a driver and you *own* the car you use for your self-employment, there are [two main ways of deducting the cost of using your car on your taxes according to the IRS](#): using a standard mileage rate or calculating actual expenses. Your tax professional or E-filing software will help you decide which option is best. But in order to file taxes and claim deductions, there are some basic pieces of information that every tax professional or E-filing software will ask you. You will need to know your vehicle’s:

- Make and model
- Year
- Date of Purchase
- Purchase price
- Date placed in service
- Date vehicle began being used for work

The differences between the two ways of deducting the costs are below:

| Standard Mileage Rate | Actual Expenses |
|--|---|
| <p>This is the way most people deduct the cost of using their car for their business. This rate includes driving costs, gas, repairs and maintenance, and car depreciation. You cannot deduct actual expenses if you use this calculation.</p> | <p>Another way of deducting your vehicle costs is by adding up every actual cost that went into using your vehicle for business purposes. To do this, you must keep very careful records on how you use your vehicle.</p> |
| How to calculate | How to calculate |
| <p>All you need to do is track the amount of miles you drive for business purposes. At the end of the year, take the total number of business miles you drove and multiply it by the current Standard Mileage Rate. That is your “mileage deduction.”</p> <p>This deduction is entered into Line 9 (Car and Truck Expenses) of your schedule C. Then, everything else would go into line 27a (Other Expenses).</p> <p>This is why it is very important to track your miles, either by hand or using an app that tracks your miles for you.</p> | <p>All of the costs of operating your vehicle will go under Line 9 (Car and Truck Expenses) in your schedule C.</p> <p>To use this deduction, you must keep track of all of your car expenses very carefully. Your tax professional or E-filing software will help decide which deduction makes the most sense for you.</p> |

What Miles Count as Business Miles?

You can only deduct non-commuting business miles. See below for a breakdown of what is and is not allowed:

| Business Miles | Personal Miles |
|---|--|
| <ul style="list-style-type: none"> • Miles to pick up a passenger • Miles with passenger in the car • Miles dropping off delivery items • Miles related to your business (i.e., going to the post office to mail paperwork) | <ul style="list-style-type: none"> • Commuting miles (first and last ride to and from home) • Personal errands, such as driving to get lunch |

You should keep track of the miles you drive using a mileage tracker since you will need to track your personal and business mileage regardless of the type of deduction you take. We recommend using an app to track your mileage (the cost of which you can deduct as a business expense), but you can also [use our printable mileage tracker](#) and or [use our Excel mileage log](#) to manually track miles.

Using a Rental Vehicle

If you rent a car, you cannot take the business use of car deduction as described above. However, you can deduct gas, the rental cost of the car, and service fees you pay the rental agency for use of their vehicle, as well as any other supplies, materials, or technology you use to support your driving.

Make sure all costs related to your self-employed driving or delivery work are being tracked throughout the year and [speak to one of our NYC Free Self-Employed Tax Prep providers](#) for more advice.