

# 1099 vs W-2: What You Actually Owe

The tax trap nobody warns new 1099 and gig workers about

Going from a W-2 job to 1099 or gig work changes how your taxes work. The biggest surprise: no one is withholding taxes for you, and you owe an extra self-employment tax. Here is the plain-English version.

## The three big differences

	W-2 employee	1099 / self-employed
Tax withholding	Employer withholds each paycheck	You set money aside yourself
Self-employment tax	Employer pays half (7.65%)	You pay the full ~15.3%
Deductions	Very limited	Business expenses lower your tax

## A simple rule of thumb

Set aside roughly **25-30%** of your 1099 income for taxes in a separate account. Your real number depends on your total income, deductions, and state - this is a starting point, not a final answer.

**Tip:** If you expect to owe \$1,000 or more, the IRS wants quarterly estimated payments. Miss them and you can owe a penalty even if you pay in full at year end.

## What to do now

- Open a separate savings account for taxes
- Move 25-30% of each payment into it
- Track every business expense (they lower what you owe)
- Mark the quarterly deadlines (see our 2026 tracker)
- Get a mid-year check so there are no April surprises

Ready to stop guessing? A real, IRS-registered preparer handles and reviews your return. Start in about 2 minutes at [zerofusstaxes.com](https://zerofusstaxes.com) or call **689-331-5723**.