INFLUENCER TAX REFERENCE GUIDE

Income Reporting, Deductions, Entity Strategies, and Audit Flags

1. CORE RULES FOR INFLUENCER INCOME & REPORTING

Taxable Income Basics:
Brand deals, sponsorships, affiliate income, ad revenue, appearance fees, speaking income, and merchandise sales are generally taxable. Free products, travel, and services received in exchange for content can also be taxable even if no 1099 is issued.

Self-Employment & Estimated Taxes:
Most influencers start as sole proprietors or single-member LLCs. Net profit is generally subject to income tax and self-employment tax. Quarterly estimated payments may be required. Keep separate business books and bank activity.

2. COMMON DEDUCTIONS & DOCUMENTATION RULES

Influencers can generally deduct **ordinary and necessary business expenses** when properly documented. Common examples include:

- Cameras, lenses, lighting, computers, phones, editing software, and studio gear.
- **Vehicles, props, sets, and other assets may be deducted or depreciated based on the percentage they are actually used for business.**
- Website, ads, assistants, editors, photographers, contractors, and platform tools.
- Business-use home office, internet, phone, mileage, travel, lodging, and 50% business meals.
- Professional fees, legal/accounting, education directly related to the business, and merchant/payment processing fees.
- Mixed-use items must be allocated between business and personal use. Personal clothing, everyday grooming, family travel, and purely personal expenses are usually not deductible.

3. INFLUENCER TAX STRATEGY MATRIX

Strategy	Best Fit	Main Benefit	Key Rule
Sole Prop / SMLLC	Newer creators or modest profit	Simple reporting and full expense deductions	Net income usually subject to SE tax
S Corporation	Consistent profit after paying a reasonable salary	Potential payroll tax savings on part of profits	Must run payroll and pay reasonable compensation
Accountable Plan	S corp owner pays business expenses personally	Tax-free reimbursement to owner; deduction to company	Need business purpose, receipts, and timely substantiation
Augusta Rule IRC §280A(g)	Owner uses personal residence for real business meetings	Business deducts rent; owner can exclude up to 14 rental days	Document fair-market rent, meeting purpose, agenda, and actual use
Bonus Depreciation / Sec. 179	Big equipment purchases or high-value business assets	Accelerates write-offs for cameras, computers, furniture, vehicles, props, and gear	Asset must be placed in service and business use documented; only business-use percentage is deductible or depreciable; current-year limits apply

4. CRITICAL IRS AUDIT FLAGS & DISALLOWANCE TRIGGERS

- Failing to report cash, platform, affiliate, or gifted-product income.
- Deducting personal clothing, makeup, grooming, or family expenses as business write-offs.
- Large vehicle, travel, meal, and home office deductions without mileage logs, receipts, or business purpose.
- Claiming 100% of vehicles, props, cameras, or other mixed-use assets without support for the actual business-use percentage.
- Weak bookkeeping, mixed personal/business accounts, or missing contractor 1099 compliance.
- S corporation owners taking little or no reasonable salary.
- Using the Augusta Rule without minutes, invoices, fair-market rent support, or real meeting records.
- Claiming bonus depreciation on mixed-use assets without proof of business use or placed-in-service date.

General educational summary only. Rules vary by facts, entity structure, and state.

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