TORO taxes
Individual & Business Services

RESOURCE CENTER · CRECE CON TORO

SCHEDULE C — SELF-EMPLOYED BUSINESS

Couriers & Delivery

Amazon Flex · Walmart Spark · DoorDash and similar · Schedule C

! **Educational** material. This is not tax, legal or accounting advice, nor a personalized consultation. Every situation is different: figures, rules and deductions may change based on your case, your state and current law. **Always validate your situation with a Toro Taxes preparer** before making decisions.

1 Your income: how to report it

Report ALL income, no matter how you're paid: cash, card, check, transfer or app. **It doesn't matter whether you receive a 1099 or not** — the income is reportable either way. The 1099 is a notice, not the limit of what you must declare.

Keep a **clear, consistent record**: log every sale or job, and save receipts, invoices and bank statements. That record is what backs up your income and expenses if the IRS or the state asks.

Some trades must **collect and remit sales tax** to the state, and certain counties and cities charge additional **special taxes**. Those amounts collected **must reconcile** with what you report on your annual return: what you sold, what you charged in tax and what you remitted have to match.

THE KEY QUESTION TO KNOW IF SOMETHING IS DEDUCTIBLE

What I'm spending or investing — do I need it to earn the income I'm reporting?

If the answer is yes and you can prove it, it's likely a business expense. If it's personal or mixed-use, only the business portion is deductible. Without a receipt and a record, a valid deduction can be lost.

2 Most common expenses in your trade

Business miles	Your main deduction: all the miles you drive to make deliveries.
Phone & data	Business portion of your plan and device.

Phone accessories	Mounts, chargers, backup batteries.
Delivery gear	Insulated bags, boxes, carts, coolers.
Tolls & parking	Tolls and parking during deliveries.
Platform commissions	What the app withholds from your pay.
Vehicle washing	Business portion of washing and cleaning.
Actual car costs	If you DON'T use mileage: gas, maintenance, tires, insurance, depreciation — business % only (see mileage).

This list covers the most common expenses for the trade. They **can vary** depending on how you operate. In every case you must be able to show the expense is **ordinary and necessary** — that is, indispensable to make the sale or provide the service. Keep proof of each one.

Most people in this trade **do better with the mileage method** because of how much they drive. Keep your mileage log from day one.

3 Mileage vs. actual vehicle expenses

There are **two methods** to deduct business use of your vehicle, and **you can only use one per vehicle** per year:

Standard mileage method

You multiply your **business miles** by the IRS rate for that year. Business rate: **70¢ per mile in 2025** and **72.5¢ in 2026** (the IRS updates it yearly — confirm the rate for the year you file).

Actual expense method

You add up your real vehicle costs (gas, oil, maintenance, repairs, tires, insurance, registration and depreciation) and deduct only the **business-use percentage**.

If you choose mileage, you stop deducting separately gas, maintenance, repairs, tires, insurance, registration and depreciation: all of that is **already included** in the per-mile rate. Deducting mileage plus those costs would be double-dipping, which isn't allowed. You may still add business **tolls and parking**, and the business portion of your car loan interest.

Requirements and when the mileage method does NOT apply:

- To use mileage, you generally must choose it the **first year** you use the vehicle for business. If you use actual expenses with depreciation or Section 179 that first year, you are usually **locked into** actual expenses for that vehicle.
- If you **lease** the vehicle and start with mileage, you must keep using mileage for the **entire lease term**.
- You **cannot** use mileage if you operate **5 or more vehicles at the same time** (a fleet), or if you already claimed accelerated depreciation or Section 179 on that vehicle.

- Driving from home to a fixed workplace (the **commute**) is **NOT deductible**. Business miles between jobs, clients or delivery points **are**.
- Keep a **mileage log**: date, miles, destination and business purpose. Without a record, the deduction won't hold up.

Practical example

A delivery driver drives **18,000 business miles** in 2025.

With mileage	18,000 × $0.70 = **$12,600** deduction.
With actual costs	Total car costs $9,000 × 80% business use = **$7,200** deduction.

Here, **mileage gives the bigger deduction**. But with an expensive truck and few miles, actual costs might be better. It's evaluated case by case — and remember the first-year choice limits your options later.

4 Keep your business account separate from personal

Open and use a **business bank account** separate from your personal one. This applies **even if you don't have an LLC**: as a self-employed contractor, business transactions must be kept separate from personal ones.

Mixing personal and business money makes it nearly impossible to prove your real income and expenses, complicates your bookkeeping and weakens your deductions under review. A separate account + a business card = clean records, stronger deductions and less risk.

Ready to review your situation?

We review your income, expenses and documents so you report correctly and claim every deduction you're entitled to.

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