

Freelancer Guide



Finding Your Freelance Business

Find your freelance work. Whether you are considering freelance work to supplement existing income, rejoin the workforce, or as a stepping stone to build your own business, here are a few questions you may want to ask yourself:

- Do I perform best in an environment where I get to interact with people, or am I more effective working on my own?
- Do I already possess a skill that I can monetize?
- What is the minimum amount I need to earn each month to meet my expenses?
- Do I have enough time for freelance work to be worth the effort?
- Do I understand the do-it-yourself requirements of the gig economy?

Take a free online course sponsored by The Office of Economic and Workforce Development of San Francisco and explore the world of freelance work in the gig economy in San Francisco.

gigtraining.sfgov.org/



Register Your Freelance Business

Register Your Freelance Business with the City through the Office of the Treasurer & Tax Collector. Providing services and resources without a traditional employer, such as freelance work, qualifies you as a small business owner. If you engage in business in San Francisco you must register at the SF Office of the Treasurer & Tax Collector (TTX) within 15 days of commencing business in San Francisco. This includes gig economy freelancers who may only occasionally work in San Francisco. If your total time working in San Francisco exceeds 7 days in a calendar year, you must get a business registration certificate. You don't need to register with the IRS. You can register yourself using your Social Security number.

Some entrepreneurs may find registering as a Limited Liability Company (LLC) or other designated entity to be most beneficial depending on the trade. To view all of your designation options check out the Business Structure web page.

businessportal.sfgov.org/start/register-your-business/business-structure

Register your business with the City through the Office of the Treasurer & Tax Collector.

businessportal.sfgov.org/start/register-your-business

NOTE You may choose to obtain a separate business address, or you may use your personal address for your registration.



Check for Professional Requirements

Check for Professional Requirements. Make sure to take a moment to investigate whether the service you offer requires a professional certification or license. Career One Stop is a free online resource to assist you in determining if a license is required for your occupation.

careeronestop.org/ExploreCareers/Plan/licensed-occupations.aspx

Some freelance work may require more than just a business registration. To determine if any additional permits are required, find your type of business using the permit locator and/or The Governor's Office of Business and Economic Development's Cal Gold.

calgold.ca.gov/

If considering a Home Office, keep in mind the following:

1. Clients cannot come to your home
2. You can't display advertising
3. You can't use more than 25% of the space for commercial purposes

Review the SF Planning Department's Guide to Home Offices for more information.

sf-planning.org/home-office

NOTE Beware that operating a home-based business could violate your lease or Homeowners Association (HOA) charter.

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Tips on Managing Freelance Work

Solicit Work. There are several ways to seek out work, including gig economy platforms, word-of-mouth, advertising, partnerships, etc.

Bidding on work and compensation. Negotiate compensation and a payment plan before signing a contract. Keep in mind your costs for travel, healthcare, overtime, etc. Consider taking a class or seeking other advice on contracts.

Contract reading/writing. Know your rights in getting paid. One of the most difficult aspects of being a freelancer is getting paid adequately and on time. Make sure you develop contracts that establish your payment for work and provide a clear scope of services and deliverables for the project. Visit Legal Services for Entrepreneurs and SF Bar Associate for additional information.

lccr.com/get-help/economic-justice-legal-services-for-entrepreneurs-lse/
sfbar.org/lawyerreferrals/index.aspx

Establish bank accounts. A bank account is the first step to financial security for yourself and your family. Without one, it is harder to save and to get well-priced car loans, credit cards, or mortgages – the exact financial tools needed to climb the economic ladder. Not all bank accounts are equal, so make sure your account works for you and isn't costing you too much money in fees.

Create a habit of savings. Creating a regular savings habit can help you weather financial emergencies and prepare for retirement. Start early, save consistently, and bump up your contributions when your budget allows. Even if your income is volatile or uneven, aim to set aside a portion of each paycheck for emergencies and retirement. Here are some strategies and tools to use:

Bank On San Francisco makes it easy for you to get a bank account – even if you've had problems with an account in the past, have never had an account before, or are not a U.S. citizen.

Learn how to find a participating bank or credit union and open a free or low-cost checking account.
bankonsf.org

NOTE Set up direct deposit and save automatically with split deposit. Direct deposit is faster, easier, and safer than paper paychecks. And “splitting” your direct deposit into checking and saving (or multiple saving/retirement accounts) makes saving automatic. We all know that it's too easy to plan to save, but then forget – so set it and forget it with split direct deposit!

To save for emergencies (or other short-term goals), the **EARN Starter Savings Account** is a free, easy to use program that helps you save for what's most important. You can start saving in minutes. For every \$20 you save, you'll get \$10 in cash rewards. In just 6 months, you'll have at least \$180 saved from your own contribution and earned rewards.
earn.org

Health Insurance. As a self-employed freelancer, you are responsible for your own medical insurance. As a resident of California, you may qualify for federal premium assistance to buy private health insurance through Covered California. If you're a resident of San Francisco you may also consider getting insurance through Healthy San Francisco, which is available regardless of immigration status, employment status, or pre-existing medical conditions.
coveredca.com
healthysanfrancisco.com

Pay your taxes. Taxes are more complicated for people who do not have a traditional employer. Freelancers must take additional steps in calculation their income and figuring out their tax payments, including deducting eligible expenses. When self-employed you're paid in gross and get the full amount of pay for your work.

Most gig economy platforms pay people through a third-party system. In these cases, a form **1099-K** is generated. Although some companies send 1099-K forms to all their workers, you cannot rely on this annual reminder to think about taxes.

irs.gov/help-resources/tools-faqs/faqs-for-individuals/frequently-asked-tax-questions-answers/small-business-self-employed-other-business/form-1099-misc-independent-contractors/form-1099-misc-independent-contractors

Freelancers may need to make estimated quarterly payments. It is important to track your business-related expenses, as these may be deductible. The more specific the better. Some advisors recommend setting up separate banking accounts for work and personal spending, and using personal financial management software, like **Mint** or **Quicken**, to track your income and business and personal expenses. Advisors also recommend putting aside 25- 30% of each paycheck for tax payments.
mint.com
quicken.com

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Tips on Managing Freelance Work

Need help? [San Francisco Office of Financial Empowerment](#) recommends the following free resources. sfgov.org/ofe

Free Tax Preparation. Earn It! Keep It! Save It! Find free tax preparation services in the Bay Area designed to help low- to-moderate-income individuals, families, and seniors. Tax returns are prepared by trained and IRS-certified volunteers at local community organizations. earnitkeepsitsaveit.org/find-tax-help-now

The Sharing Economy Tax Center was set up by the IRS to provide answers to many common questions. irs.gov/businesses/small-businesses-self-employed/sharing-economy-tax-center

Financial Coaching. BALANCE. formerly Consumer Credit Counseling Service of San Francisco, provides counseling services and free workshops on understanding your credit score, consolidating debt, bankruptcy, money management, and first-time homeownership. Their website also includes tools and resources to learn more about credit. balancepro.org

Mission Economic Development Agency (MEDA) provides low- and-moderate-income Latino families with bilingual Spanish and English workshop curriculum and coaching to achieve financial literacy. MEDA's financial education program helps participants achieve three key outcomes:

1. Improving credit scores to 650 or higher
2. Increasing savings to three months of living expenses or greater
3. Reducing debt to income ratio to 40% or lower

medasf.org/home

San Francisco Housing Development Corporation (SFHDC) works closely and independently with each client until he/she meets his/her financial goals. SFHDC clients receive individualized services that will lead to homeownership and/or financial stability. SFHDC counselors offer free professional advice and strategic resources to help you develop an action plan that will ensure you meet your personal goals. sfhdc.org/index.php/main/home



Freelancer Rights and Protections

SparkPoint Centers, created by the United Way of the Bay Area, helps families create step-by-step plans to tackle their unique financial needs and connect them to services that address each one. Services range from Financial Coaching, Career Coaching / Counseling, Credit and Debt Counseling, Benefits Screening, Tax Preparation and more. sparkpointcenters.org/category/locations

The Office of Economic and Workforce Development (OEWD) connects job seekers in San Francisco with employment opportunities in growing industries such as Technology, Healthcare, Hospitality, and Construction. OEWD provides industry aligned job training and access to job search assistance at community based neighborhood access points throughout the City, to help provide employers with skilled workers. oewd.org/workforce

State and Federal Tax Information

California Gig Economy Tax Center is a tool provided by the California Franchise Tax Board (FTB), which is a state agency that assists taxpayers to file tax returns accurately and on time. The California Gig Economy Tax Center helps individuals that receive income from gig economy activity understand the potential tax issues that might affect them.

Internal Revenue Service Sharing Economy Tax Center is a tool provided by the Internal Revenue Service (IRS), which is a federal agency that helps American taxpayers understand and meet their tax responsibilities. The Sharing Economy Tax Center helps those that receive income from a sharing economy activity understand the potential tax that might affect them.

www.ftb.ca.gov/businesses/share-economy/
www.irs.gov/businesses/small-businesses-self-employed/sharing-economy-tax-center

NOTE Depending on the legal form of the services and resources you provide through freelancing, you may be required to pay the federal self-employment tax, among other taxes. Review the Forms and Associated Taxes for Independent Contractors irs.gov/businesses/small-businesses-self-employed/forms-and-associated-taxes-for-independent-contractors

Obtaining Freelance Work in the gig economy a variety of benefits that many workers enjoy, including setting your own work schedule and working in a variety of fields. But because you are considered your own business and not an employee, you also face many of the challenges of owning a small business and generally do not receive traditional workers' rights and protections.

Furthermore, some gig platforms do not allow for negotiating work rates or contracts, locking you into the terms provided.

As a freelancer on a gig platform you have little to no recourse regarding:

- Deactivation from a platform
- Collecting on severely late payments or non-payment
- Protection against discriminatory or predatory behavior

The benefits traditional employees enjoy under "social contract" include unemployment insurance, disability insurance, pensions and retirement plans, worker's compensation for job-related injuries, paid time off, and protections under the Fair Labor Standards Act. If you determine that you need legal assistance, you can find information on low cost, affordable resources under the Legal Services tab of the San Francisco Business Portal.

dol.gov/whd/flsa
businessportal.sfgov.org/manage-professional-assistance/legal-services



To speak with a business counselor
visit the Office of Small Business

City Hall, Room 110
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
(415)554-6134