The ISS Tax Guide for Freelance Scopists

For the 2026 tax year (returns filed in 2027). An Internet Scoping School resource.

Please read first

> This guide is for general information only and is not tax, legal, or financial advice. Internet Scoping School is not a tax professional. Tax laws change every year, and every situation is different, so please review your own taxes with a CPA, an enrolled agent, or another qualified tax professional before making decisions.

This guide covers **U.S. federal taxes for the 2026 tax year** (the return you file in spring 2027). Every dollar amount, rate, and deadline comes from IRS.gov, and the IRS sources list at the end links to each one, so you and your tax professional can check anything yourself. States have their own rules, so check with your state's tax agency, too.

Congratulations on starting your scoping business! Taxes can feel like the scariest part of freelancing, but they don't have to be. If you understand a handful of basics, keep good records, and set money aside as you go, tax season becomes just another task on your list.

Chapter 1: You're a business now

When a court reporter or an agency pays you to scope, you're not their employee. You're an **independent contractor**: a business of one. That changes three things:

- **Nobody withholds taxes from your pay.** The full amount lands in your account, and paying the tax on it is your job.
- **You pay both halves of Social Security and Medicare.** An employer normally pays half. As a contractor, you pay all of it (see Chapter 3).
- **You get to deduct your business expenses.** Your software, equipment, and training reduce the income you pay tax on (see Chapter 5).

Sole proprietor or LLC?

If you just start working, you're automatically a **sole proprietor**. There's nothing to file to become one. You report your business income and expenses on Schedule C with your regular tax return.

Some scopists form an **LLC** (limited liability company) through their state. A one-person LLC is generally taxed the same way as a sole proprietor by default, but it can add some legal separation between you and your business. It also comes with state fees and paperwork. Most new scopists start as sole proprietors and revisit the question later with a tax professional or attorney.

Get a free EIN

Reporters and agencies will ask for your taxpayer ID number (see Chapter 2). Instead of handing out your Social Security number, you can get an **Employer Identification Number (EIN)** from the IRS. It's free, it takes a few minutes online at IRS.gov/EIN, and you can use it even as a sole proprietor with no employees.

> **Watch out for look-alike sites.** The IRS never charges for an EIN. If a website asks you to pay, you're not on IRS.gov.

Chapter 2: How you get paid, and the forms you'll receive

Most scopists are paid per page, by each reporter or agency they work for, by check, direct deposit, or a payment app. However you're paid, the tax rules are the same: **all of it is business income.**

Form W-9: the form you fill out

When you start with a new reporter or agency, they'll usually ask you to fill out **Form W-9**. It gives them your name, business name (if any), and taxpayer ID number, so they can report what they paid you. This is where your EIN from Chapter 1 comes in handy. Keep a filled-out, signed W-9 saved as a PDF so you can send it quickly.

Form 1099-NEC: the form you may receive

In January, a client may send you **Form 1099-NEC**, which shows how much they paid you the year before. Starting with payments made in 2026, a client generally only has to send one if they paid you **$2,000 or more** during the year. (Before 2026, the threshold was $600.) The $2,000 amount will be adjusted for inflation starting in 2027.

That means you may get 1099s from your bigger clients and none from clients who only sent you a few jobs.

> **Important:** Not getting a 1099 does not mean the income is tax-free. You must report **all** of your scoping income, whether or not a 1099 shows up. Your own income records (Chapter 6) are what you file from; 1099s are just a cross-check.

Paid through PayPal, Venmo, or another app?

Payment apps report business payments to the IRS on **Form 1099-K**, but only when your payments through that app top **$20,000 and 200 transactions** in a year. Most scopists won't reach that. Again, the income is taxable either way.

Tip: If a client pays you through an app, make sure it's marked as a payment for goods and services (or business), not a personal transfer between friends, so your records stay clean.

Chapter 3: The taxes you'll owe

As a freelance scopist, you'll generally owe two federal taxes on your profit. **Profit** means your scoping income minus your business expenses.

1. Self-employment tax

This is your Social Security and Medicare tax. The rate is **15.3%**: 12.4% for Social Security and 2.9% for Medicare.

- You owe it if your net earnings from self-employment are **$400 or more** for the year.
- It's figured on **92.35%** of your profit, not the full amount, on **Schedule SE**.
- The Social Security part stops once your combined wages and self-employment earnings reach **$184,500** for 2026. Medicare has no cap.
- You can **deduct half** of your self-employment tax when figuring your income tax.

2. Income tax

This is the same income tax everyone pays. Your scoping profit is added to any other income you or your spouse have (a job, retirement income, and so on), and the total is taxed at the regular rates. For 2026, the **standard deduction** is **$16,100** for single filers and **$32,200** for married couples filing jointly.

That's why two scopists with the same profit can owe very different amounts: it depends on everything else on their tax return.

State income tax

Most states also tax income, and some cities do too. Rules vary widely, so check your state's tax agency website or ask your tax professional.

A worked example

Maria scopes part-time in 2026. She's single, and scoping is her only income. Here's roughly how her federal taxes work out:

Step	Amount
Scoping income for the year	$20,000
Minus business expenses (software, equipment, home office, etc.)	− $3,000
Profit	**$17,000**
Amount subject to self-employment tax ($17,000 × 92.35%)	$15,699.50
Self-employment tax ($15,699.50 × 15.3%)	**$2,402.02**
Deduction for half of self-employment tax	− $1,201.01
Adjusted gross income ($17,000 − $1,201.01)	$15,798.99
Minus 2026 standard deduction (single)	− $16,100
Taxable income for income tax	**$0**

Because her income is below the standard deduction, Maria owes **no federal income tax**, but she still owes about **$2,402 in self-employment tax**. This surprises a lot of new freelancers.

Now suppose Maria were married and her spouse's salary already put them in the **12% tax bracket**. Her scoping would add roughly another $1,896 of income tax (12% × $15,798.99), for a total of about **$4,298**: around **25% of her profit**. That's why Chapter 7 suggests setting aside 25–30% of every payment.

This example is simplified. It leaves out state tax, credits, and other deductions, such as the qualified business income deduction, that could lower the bill. Your tax professional can run your real numbers.

Chapter 4: Quarterly estimated taxes

Federal tax is "pay as you go." Employees pay through paycheck withholding. Since nobody withholds from your scoping income, you pay during the year with **estimated tax payments**, usually four times a year.

Do you need to pay them?

You generally need to make estimated payments if you expect to owe **$1,000 or more** in tax when you file, after subtracting any withholding and refundable credits. Estimated payments cover both your income tax and your self-employment tax.

There's one simple exception: if you had **no tax liability at all** for the full prior year, you don't have to pay estimated tax for the current year.

Have a job too, or a spouse with one? Another option is to increase the income tax withheld from that paycheck (by giving the employer a new Form W-4) to cover your scoping taxes. Withholding counts the same as estimated payments.

The 2026 due dates

The "quarters" aren't equal three-month blocks:

Income earned	Payment due
January 1 – March 31, 2026	April 15, 2026
April 1 – May 31, 2026	June 15, 2026
June 1 – August 31, 2026	September 15, 2026
September 1 – December 31, 2026	January 15, 2027

The 2027 schedule follows the same pattern. Confirm the exact dates on the 2027 Form 1040-ES when the IRS releases it.

How much to pay: the "safe harbor" rule

You won't owe an underpayment penalty if your withholding plus on-time estimated payments add up to at least the **smaller** of:

- **90%** of your tax for this year, or

- **100%** of the total tax on last year's return (**110%** if last year's adjusted gross income was over $150,000).

The easiest approach for most people is the prior-year option: take the total tax from last year's return, divide by four, and pay that amount on each due date. **In your first year of scoping,** last year's tax may not reflect your new income, so many new scopists simply send in the money they set aside (Chapter 7) each quarter. **Form 1040-ES** has a worksheet to estimate your payment.

How to pay

- **IRS Direct Pay:** free, straight from your bank account, no sign-up needed
- **Your IRS Online Account:** pay and see your payment history
- **EFTPS:** the Treasury's free payment system (requires enrollment)
- **By mail:** a check with a Form 1040-ES payment voucher

Whichever method you use, choose "estimated tax" and the correct tax year, and save your confirmation number. Many states have their own estimated tax payments, too.

Chapter 5: Deductions for scopists

Every legitimate business expense lowers your profit, and that lowers **both** your income tax and your self-employment tax. The IRS rule of thumb is that an expense must be **ordinary and necessary** for your business: common in your line of work, and helpful for doing it.

Common deductions for scopists

Expense	Notes
CAT software (such as Case CATalyst)	Subscriptions, licenses, and support plans
Computer, monitors, keyboard, mouse	Larger items may be deducted over several years or all at once; ask your tax professional which is best
Foot pedal and headphones	For audio sync work
Reference books	*Bad Grammar/Good Punctuation*, dictionaries, medical and legal references

Expense	Notes
Internet and cell phone	Only the business share. If 40% of your internet use is for work, deduct 40%
Office supplies	Paper, ink, a desk lamp, a chair, and so on
Website, domain, and business e-mail	Including hosting fees
Professional memberships	NCRA, your state court reporters association, scopist groups with fees
Bank and payment fees	Fees from PayPal, Venmo, or your business bank account
Continuing education	Webinars and courses that keep up or improve your scoping skills (see the note below)
Tax preparation	The business part of your tax prep fee

> **A note about your ISS tuition:** Continuing education that maintains or improves your skills is generally deductible once you're already in business. Tuition for the course that first trains you for a **new** career generally is **not** a business deduction. Ask your tax professional how this applies to you.

The home office deduction

If you have a space in your home that you use **regularly and only** for your scoping business, you may be able to deduct a home office. A spare bedroom set up as your office qualifies. The kitchen table where you also eat dinner doesn't.

You can choose between two methods each year:

- **Simplified method:** $5 per square foot of office space, up to 300 square feet, for a maximum of **$1,500**. Example: a 150-square-foot office = $750. You don't need to track utility bills, and you report it right on Schedule C.
- **Regular method:** deduct the business percentage of your actual home costs (rent or mortgage interest, utilities, insurance, repairs, and depreciation) on Form 8829. It takes more records and math, but it can be worth more for a larger office.

Driving for business

Most scopists work entirely from home, but if you drive for business (for example, to a client's office, a seminar, or the office supply store for business supplies), you can deduct it. For 2026, the IRS standard mileage rate is **72.5 cents per mile from January 1 through June 30** and **76 cents per mile from July 1 through December 31**. Keep a mileage log with the date, purpose, and miles. Driving to a regular workplace (commuting) doesn't count.

What usually isn't deductible

- The personal share of anything you also use personally
- Everyday clothing and regular meals
- Fines and penalties, including IRS penalties
- Anything you can't back up with a record

Chapter 6: Simple recordkeeping

Good records are what let you claim your deductions, answer any IRS question, and finish your taxes in an afternoon instead of a week. You don't need fancy software. You need a system you'll actually keep up with.

Three habits that do most of the work

1. **Open a separate bank account for your business.** Have clients pay into it, and pay business expenses from it. At tax time, your statements become most of your records.
2. **Log every payment when it arrives.** Use the income tracker at the back of this guide or a simple spreadsheet: date, client, job, pages, amount, and date paid. Compare it against any 1099s you receive in January.
3. **Save every receipt the day you get it.** Snap a photo or forward the e-mail receipt to a "Taxes 2026" folder. Note what it was for, such as "CATalyst support renewal."

How long to keep records

The IRS says to keep records that support your tax return for **generally 3 years** after you file it. Some situations call for longer, such as 6 or 7 years, and records for equipment you depreciate should be kept until 3 years after you sell or get rid of it. Keep copies of your filed tax returns, too; many people keep them for good. Store digital copies with a backup, such as a cloud folder.

Chapter 7: Setting money aside

The biggest tax mistake new freelancers make isn't a wrong form. It's spending money that was really the IRS's. The fix is simple: **move a share of every payment into savings the day it arrives.**

The 25–30% rule of thumb

As the example in Chapter 3 shows, federal taxes can easily take about a quarter of your profit once you have other household income. Setting aside **25–30% of every payment** covers most scopists' federal and state taxes, with a cushion.

- If scoping is your household's only income and it's modest, you may need less.
- If your household income is higher, or your state has a high income tax, you may need more.

After your first year, you'll have a real tax return to work from. Use it, or ask your tax professional, to fine-tune your percentage.

Make it automatic

1. Open a **separate savings account** just for taxes, ideally a high-yield one so it earns a little interest.
2. Each time a client pays you, transfer your percentage into it right away. Some banks let you set up an automatic rule.
3. On each estimated tax due date (Chapter 4), pay from that account.

If there's money left over after you file, that's a bonus, not a mistake.

Chapter 8: Filing and getting help

The forms you'll file

Your scoping business doesn't file its own separate return. It's reported on your personal **Form 1040**, with two extra schedules:

- **Schedule C (Profit or Loss From Business):** your scoping income, your expenses, and your profit. Your income tracker and receipts feed straight into it.
- **Schedule SE (Self-Employment Tax):** figures your self-employment tax from your Schedule C profit.

Your 2026 return is due **April 15, 2027**. You can get an automatic extension to **file** until October, but not an extension to **pay**. Any tax you owe is still due in April.

When to bring in a professional

Tax software can handle a simple Schedule C, but it's worth paying for help:

- In your **first year** of self-employment, to set things up right
- If you're thinking about forming an **LLC**
- If you buy **expensive equipment** and want to know how to deduct it
- If you want to save for **retirement** as a self-employed person (there are special accounts for freelancers)
- If you get **a letter from the IRS** you don't understand

Who to look for: a **CPA** (certified public accountant) or an **enrolled agent** (EA), a tax specialist licensed by the IRS. You can check a preparer's credentials in the IRS Directory of Federal Tax Return Preparers. Ask whether they work with self-employed clients.

Free help from the IRS

- **IRS Free File:** free guided tax software if your adjusted gross income is under the yearly limit ($89,000 or less for the 2026 filing season). Anyone can use the Free File Fillable Forms.
- **VITA (Volunteer Income Tax Assistance):** free return preparation by IRS-certified volunteers, generally for people who make about $70,000 or less. Not every site handles self-employment returns, so call ahead.
- **IRS publications:** Publication 334 (*Tax Guide for Small Business*), Publication 505 (*Tax Withholding and Estimated Tax*), and Publication 587 (*Business Use of Your Home*) explain everything in this guide in more detail.

Tools you can use

Business expense checklist

Tick off what applies to you, gather the receipts, and bring this list to your tax professional.

- [ ] CAT software subscription, license, or support plan
- [ ] Computer, monitors, keyboard, mouse

- [ ] Foot pedal and headphones
- [ ] Office furniture and supplies
- [ ] Reference books
- [ ] Internet (business share)
- [ ] Cell phone (business share)
- [ ] Website, domain, and business e-mail
- [ ] Professional memberships and dues
- [ ] Continuing education and webinars
- [ ] Bank and payment app fees
- [ ] Home office (square footage of office: ____ ; total home: ____)
- [ ] Business mileage (from your mileage log)
- [ ] Tax preparation (business share)

Income tracker

Date of job	Reporter or agency	Case / job	Pages	Rate per page	Amount invoiced	Date paid

Estimated tax calendar

Payment	Covers income earned	Due	Paid on	Amount	Confirmation #
1	Jan 1 – Mar 31	April 15			
2	Apr 1 – May 31	June 15			
3	Jun 1 – Aug 31	September 15			
4	Sep 1 – Dec 31	January 15 (next year)			

When a due date falls on a weekend or holiday, it moves to the next business day. Check Form 1040-ES each year for the exact dates.

Sample invoice

> **Jane Smith, Freelance Scopist** jane@janesmithscoping.com · (555) 123-4567
>
> **Invoice #** 2027-014 · **Date:** March 3, 2027
>
> **Bill to:** Karen Jones, CSR

Job	Date	Pages	Rate	Amount
Deposition of John Doe, Case #24-1187	Feb 26, 2027	142	$1.25	$177.50

> **Total due: $177.50** · Payment due within 15 days. Thank you!

Use your own rates and terms. An invoice number on every job makes it easy to match payments in your income tracker.

Questions to ask your tax professional

- Should I get an EIN, and should I form an LLC?
- Which of my expenses can I deduct, and should I deduct my computer all at once or over several years?
- Do I qualify for the home office deduction, and which method is better for me?
- How much should I pay in estimated taxes, and what percentage should I set aside?
- Do I owe state estimated taxes, too?
- Should I open a retirement account for self-employed people?

IRS sources

Every figure in this guide comes from these IRS pages. They were checked in November 2026.

Topic	IRS source
Free EIN	Apply for an EIN online
1099-NEC $2,000 threshold	Publication 1099, General Instructions for Certain Information Returns
1099-K $20,000 / 200 transactions	Form 1099-K FAQs

Topic	IRS source
Self-employment tax: 15.3%, $400, 92.35%, deduct half	Topic no. 554, Self-employment tax
2026 Social Security wage base ($184,500)	2026 Form 1040-ES
2026 standard deduction	2026 Form 1040-ES
Estimated tax: $1,000 rule, safe harbor	Estimated taxes
Estimated tax due dates and worksheet	2026 Form 1040-ES and Publication 505
Home office: simplified method	Simplified option for home office deduction and Publication 587
2026 mileage rates (72.5¢ and 76¢)	Standard mileage rates
How long to keep records	How long should I keep records?
Small business tax basics	Publication 334, Tax Guide for Small Business
Free File	File your taxes for free
VITA	Free tax return preparation for qualifying taxpayers

Tax figures change every year. This guide should be updated each January.