

# Self-employeds: Pass the 1099 tax buck

**Q: I retired earlier this year, but I'm starting a consulting business as a sole proprietor. In my line of work, I'll need to use subcontractors. But won't I be taxed in full on the 1099s that I receive from my customers? L.L., Pittsburgh**

**A:** Not exactly. As a self-employed person, you only pay tax on your *net* self-employment income (i.e., income less expenses). So, the amount you must pay to subcontractors effectively reduces the amount of your income that will be subject to tax. As a result, you'll also need to issue Form 1099s to the subcontractors by Jan. 31 of next year. You must issue 1099s to any contractor that you pay more than \$600 each year.