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1. Key takeaways: Why should I read this guide?

As a Sitter operating your business on Rover in the U.S., you are responsible for reporting your business earnings each year on your income tax return and paying any applicable income and/or self-employment taxes. The sections that follow in this tax guide will provide more detail on how to report your business income, potential tax deductions you can take to reduce your business income, what your tax reporting obligations are, and resources that are available to you as a Rover Sitter. This guide is an overview of the federal income tax rules; it does not address state income tax rules that may differ from the federal rules.

To make it easier to navigate this guide and file your taxes, we've included an overview of the key takeaways:

A. How to report your income when you don't receive a Form 1099-K from Rover

Whether you receive a Form 1099-K depends on federal and state reporting rules. You may receive one below the federal threshold if a lower state threshold applies. Even without a Form 1099-K, you must report all business income for income and self-employment tax purposes, including payments received outside the Rover platform. Use your Earnings Summary by Year in the Rover Dashboard as a reference when preparing your return.

To see an example of Schedule C and how your business income should appear, see Exhibit 1A below. For more info, visit Section 6 (How do I report…).

B. How to report your gross income when you receive a Form 1099-K from Rover

If you qualify, you will receive a Form 1099-K and a 1099-K Summary from Rover by January 31 after the relevant tax year. Your gross income should be reported on Schedule C (Form 1040), line 1, in your income tax return.

To see an example of Schedule C and how your business income should appear, see Exhibit 1B below. For more info, visit Section 4 (What is included…) and Section 6 (How do I report…).

C. How to claim tax deductions for items included in your Rover Form 1099-K gross income

The most important items to look out for when receiving your tax documents from Rover include (1) the total Rover fees and sales tax processed on your payments and (2) the gross payments that were refunded to your customers throughout the year. You will be able to find these using the 1099-K Summary provided by Rover and can take these as a business deduction in the year. If you did not receive a Form 1099-K from Rover for the year, you do not need to enter these amounts as your income from your Earnings Summary will have already been reduced by these expenses.

See Exhibit 1B for info on where your business deductions provided on your 1099-K Summary from Rover should be on Schedule C. Visit Section 4 (What is included…), Section 5 (What business expenses…), and Section 6 (How do I report…) for more information.

D. Other tax deductions you may be able to claim to pay less taxes (and how to report them)

Besides the deductions on your 1099-K Summary, you can deduct other expenses as long as they qualify as business expenses. This includes unreimbursed out of pocket expenses, reasonable costs of managing your business, business transportation costs, and more.

Report qualifying deductible expenses on Schedule C, lines 8–27b (see Exhibits 1A and 1B for examples), and see Section 5 (What business expenses…) and Section 6 (How do I report…) for more information.

E. How to report taxes for self-employment on your business earnings

As a Rover Sitter and self-employed individual, you are subject to a self-employment tax at a combined rate of 15.3%, applied to a statutory portion of your net business income, if your net self-employment earnings are $400 or more. Self-employment tax is a separate tax, apart from regular income taxes. You must use Schedule SE – Self Employment Tax to figure out the tax owed and then you must report it on Schedule 2 (Form 1040, U.S. Individual Income Tax Return), Part II, as directed by the current form.

See Exhibits 2 and 3 for examples of Schedule SE and Schedule 2, and see Section 10 (Do I owe self-employment tax…) for more information.

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2. Who is this guide for?

This guide is for Rover Sitters who are subject to U.S. income tax and/or self-employment tax and report their business income on Schedule C as part of their Form 1040 (U.S. Individual Income Tax Return).

I am a Rover Sitter. Am I subject to income and/or self-employment tax in the U.S. on the earnings I make operating my business on Rover?

You are subject to U.S. income tax if you have U.S. sourced income. Generally, income derived from providing a service in the U.S., such as pet sitting or dog walking, is U.S. sourced business income and subject to U.S. income tax.

A business is generally an activity conducted for a living or with the intention of making a profit. Whether an activity is a business depends on the regularity of the tasks performed, transactions, revenue, and continual attempts to advance business goals.

Income earned from providing services as a Rover Sitter is considered self-employment income and is subject to self-employment tax. Self-employment income is income that you earn if you are operating a business for yourself as a sole proprietor or an independent contractor.

How do I know whether I report my business income on my Form 1040 individual income tax return?

You report your business income on your Form 1040 individual income tax return if you operate your business as an individual or a single-member LLC. Most Rover Sitters operate their business this way. If you report your business earnings on a separate business tax return, such as a Form 1120 (U.S. Corporation Income Tax Return), Form 1065 (U.S. Return of Partnership Income), or other type of tax return, or are not sure which tax return you should report your business earnings on, please engage a tax advisor for guidance on how to report your business earnings.

Types of taxpayers: cash-basis vs. accrual-basis

If you are subject to U.S. income tax, you must report your business income as a cash-basis or accrual-basis taxpayer.

If you are a **cash-basis** taxpayer, you report your income on your return for the year you actually or constructively receive it and you deduct all expenses in the year you actually pay them. You are a cash-basis taxpayer if you report income in the year you receive it, regardless of when it is earned. Most individuals are cash-basis taxpayers. You constructively receive income when it is made available to you, for example, by being credited to your account. For the purposes of this guide, we are assuming you've withdrawn your funds in the same tax year these funds were credited to your Rover account after your booking ended. If this is not the case, please consult with a tax advisor.

If you are an **accrual-basis** taxpayer, you generally report income when you earn it instead of when you receive it and you deduct expenses when you incur them instead of when you pay them. Accrual-basis taxpayers should engage a tax advisor to ensure that all business income and expenses are correctly reported.

3. What tax information will Rover provide?

Rover is here to help with tax reporting for your business on the Rover platform! In addition to providing you, where required, a Form 1099-K, Rover will also provide a 1099-K Summary to all U.S. Sitters eligible for a Form 1099-K as a key document to help with your taxes. Both documents will be made available electronically on an annual basis, based on your account election, by January 31 of the year following the year you performed services or received payment as a Sitter.

For Rover Sitters who are not eligible to receive a Form 1099-K, you are still able to see the earnings you withdrew for the tax year in your Earnings Summary by Year to help report your business income on your tax return. Please see this help center article for additional information on how to locate your annual earnings in your dashboard.

You can also visit the Rover tax resources center for more information on what tax documents you can expect to receive, how to access them, and how to update your election to receive your tax information electronically.

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4. What is included in my gross payments earned via Rover and reported on my Form 1099-K?

If you are subject to U.S. income tax from your business, you must include in your gross income all payments you earned performing services during the year. Here are some amounts that may be includible in gross payments, what reporting Rover will provide on these amounts, and what you should do with them:

Rover fees

Rover fees are included in your gross business income from providing pet care services. These are fees paid to Rover to help cover Rover's maintenance and improvements to the platform you use to meet new clients and manage your business, Rover's marketing and promotions to attract new clients to the site, Rover's 24/7 support, and the Rover Guarantee for bookings. At the end of the year, Rover will provide a 1099-K Summary detailing how much of your reportable gross income consisted of Rover fees. These fees may be deducted as business expenses in the same year. See Exhibit 1B for how these amounts are reported on your tax return.

> **Example 1 (standard booking):** You receive a booking from an Owner to board their dog for 4 days at your set price of $75 per day, for a total of $300. After the booking is completed, your payout, net of a $60 Rover fee, is $240. Your gross income for the booking is $300 and is reported as such on your Form 1099-K. On your tax return, you report $300 as gross income and $60 as a deduction for Rover fees to arrive at net business income of $240.

Refunds: Any payments refunded to an Owner due to cancellations are not included in your net business income. However, your Form 1099-K is reported on a gross basis prior to the issuance of refunds. Like Rover fees, any gross payments that are refunded should be included as gross income and also taken as a deduction. At the end of the year, Rover will provide a 1099-K Summary detailing how much of your reportable gross income consisted of refunds from cancellations, which you may deduct. See Exhibit 1B for how these amounts are reported in your tax return.

> **Example 2 (booking with partial refund):** Assume the same booking facts as Example 1, but the Owner cancels one day and receives a $75 refund. Rover reduces the fee charged to you by $15. Your payout is $180. Your gross income remains $300. You report $300 as gross income, $75 in refunds, and $45 in Rover fees as deductions, resulting in net business income of $180.

Tips: Any discretionary tips you receive from pet owners are included in your gross business income. Tips paid through the Rover platform will be included in your Form 1099-K and 1099-K Summary, as applicable. Tips received outside the platform must also be included in gross business income. A separate federal income tax deduction may be available for certain qualified tips. That deduction does not change the requirement to include tips in gross business income and is discussed in Section 13. Do not reduce Schedule C gross receipts by the amount of a potential qualified tips deduction.

> **Example 3 (booking with tip):** Assume the same booking facts as Example 1, but the booking includes a $50 tip. Your gross income for the booking is $350. On your tax return, you report $350 as gross receipts and $60 as a deduction for Rover fees, resulting in net business income of $290. If the $50 tip was received outside the Rover platform, add it to the gross receipts reported on Schedule C even though it was not included on the Form 1099-K.

Sales tax: If applicable, sales tax may be a part of the gross payments reportable by Rover on your Form 1099-K. Any sales tax collected on gross payments we've processed on your behalf will be included in the 1099-K Summary

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with Rover fees and can be deducted on the same line as Rover fees on your Schedule C. See Exhibit 1B for how these amounts are reported in your tax return.

Example 4 (booking with sales tax): You have the same booking facts as Example 1, but you live in a state where Rover is required, as a marketplace, to collect a 6.5% sales tax on the pet care services you rendered. Your gross income for the booking is now $319.50 and it is reported as such on your Form 1099-K. On your tax return, you report $319.50 as gross income, and $79.50 as a deduction for Rover fees and sales taxes, which is provided on your 1099-K Summary, to arrive at your net business income of $240.

5. What business expenses can I claim to reduce my gross business income?

Business income is generally the gross amount of payments earned less allowable expenses. A deductible business expense generally must be ordinary and necessary, paid or incurred under the taxpayer's method of accounting, and not capital in nature. Examples are grouped below.

Direct expenses (i.e., business deductions unrelated to the use of your home or vehicle)

- Rover fees
- Owner refunds from cancellations
- Cost of individuals you employ (payroll costs) or contract with (independent contractor costs)
- Pet harnesses or leashes, pet food purchases, pet toys, animal enclosures, and other unreimbursed supplies used in operating your business
- Costs of managing your business, such as legal or accounting fees
- Public transportation expenses, such as bus, train, taxi, or rideshare costs paid to travel to customers

Clothing or footwear that is suitable for general personal wear is generally a personal expense, even when worn while providing services. Specialized protective equipment or other items that are not suitable for ordinary wear may be treated differently. Consult a tax advisor if you are uncertain whether an item is deductible.

See Section 9 – Computing deductible expenses – Direct expenses for more details.

Automobile expenses (i.e., driving to and from Owners' homes to provide services)

If using the **Standard Mileage Rate Method**:

- Business mileage
- Vehicle loan interest, to the extent deductible

If using the **Actual Expense Method**:

- Cleaning and maintenance services, including car washes and cleaning supplies
- Gasoline and oil changes
- Vehicle loan interest, to the extent deductible
- Lease payments
- Repairs
- Tires
- Depreciation on amounts paid to acquire the vehicle, subject to applicable limitations
- Vehicle registration fees and legal fees, to the extent properly deductible rather than capitalized

Vehicle loan interest

If you use your vehicle for both business and personal purposes, the interest paid on the related vehicle loan may need to be allocated between business and personal use. Generally, the business-use portion of the interest may be considered as a business expense and deducted on Schedule C. Under the One, Big, Beautiful Bill Act, a separate temporary deduction of up to $10,000 per year may be available on Schedule 1-A for the personal-use portion of interest paid on a loan used to purchase a vehicle assembled in the United States, subject to income limitations and other eligibility requirements. Among other requirements, the vehicle must be purchased for personal use, meaning

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that more than 50% of its use is reasonably expected to be personal when the loan is incurred. If this requirement is not satisfied, the Schedule 1-A deduction is not available. The same interest expense cannot be deducted more than once. Because business-use interest is deducted on Schedule C and personal-use interest may be deductible on Schedule 1-A, the same interest cannot be claimed in both places. Consult a tax advisor regarding the proper treatment and allocation of vehicle loan interest.

Certain registration fees, legal fees, documentation fees, and similar costs may be currently deductible, while other amounts may be required to be capitalized as part of the vehicle's basis and recovered through depreciation. The treatment depends on the nature of the cost. The same cost may not be both currently deducted and included in depreciable basis. Consult a tax advisor if you are uncertain whether an item is deductible.

Business use of home expenses

Because home-office deductions can be complex, consider seeking professional tax advice before claiming expenses related to services provided from your home. The examples above are not exhaustive.

6. How do I report my business income and expenses?

For Rover Sitters who did not receive a Form 1099-K from Rover:

Step 1: Income Tax (see Exhibit 1A for an example):

- Use Schedule C, line 1, to report your business earnings for the year. The amounts in your Earnings Summary by Year include platform tips and payments received through the applicable payment methods.
- Tips included in your Earnings Summary remain part of the business income reported on Schedule C. If you do not receive a Form 1099-K reporting qualified tips, those tips generally are not supported for the separate qualified-tips deduction described in Section 13.
- Add any business payments received outside the Rover platform to the amount reported on Schedule C, line 1.
- Use Schedule C, line 9, to report deductible automobile expenses.
- Use the applicable Schedule C expense categories to report other deductible amounts.
- Consult a tax professional before claiming business-use-of-home expenses.

Step 2: Self-employment Tax (see Exhibit 2 for an example):

- Transfer the taxable income or loss from Schedule C, line 31, to Schedule SE, Part I, line 2. Complete Schedule SE to determine the self-employment tax and related deduction reportable on your return.

For Rover Sitters who received a Form 1099-K from Rover:

Step 1: Income Tax (see Exhibit 1B for an example):

- Use Schedule C, line 1, to report gross receipts from box 1a of the Form 1099-K provided by Rover.
- Tips reported on Form 1099-K are already included in box 1a and remain part of the gross receipts reported on Schedule C, line 1. Do not subtract qualified tips from Schedule C income. See Section 13 for the separate Schedule 1-A deduction.
- Add business payments received outside the Rover platform to Schedule C, line 1.
- Use Schedule C, line 2, to report customer refunds shown on your 1099-K Summary.
- Use Schedule C, line 27b, to report Rover fees and sales tax shown on your 1099-K Summary.
- Use Schedule C, line 9, to report deductible automobile expenses.
- Use the applicable Schedule C expense categories to report other deductible amounts.
- Consult a tax professional before claiming business-use-of-home expenses.

Step 2: Self-employment Tax (see Exhibit 2 for an example):

- Transfer the taxable income or loss from Schedule C, line 31, to Schedule SE, Part I, line 2. Complete Schedule SE to determine the self-employment tax and related deduction reportable on your return.

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7. Reporting guide for business expenses

Figure A – Reporting business expenses

Use this chart to identify where common business expenses flow on Schedule C and Schedule SE.

WHAT TYPE OF BUSINESS EXPENSE DID YOU INCUR?

DIRECT EXPENSES

Business costs unrelated to use of your home or vehicle.

Examples: Rover fees and customer refunds; worker costs; pet-care supplies; professional fees; and public transportation.

Keep records: Track each expense and retain receipts, invoices, and your 1099-K Summary, if applicable.

Report: Use the appropriate expense category on Schedule C, lines 8–27b. Do not duplicate home-office or automobile expenses.

AUTOMOBILE EXPENSES

Costs associated with qualifying business driving, including travel to and between Owners' homes and other business destinations.

Next step: Continue to Figure B in Section 8 to compare the standard mileage rate and actual expense methods.

Keep records: Maintain mileage and vehicle records supporting the selected method.

Report: Enter the deductible automobile expense on Schedule C, line 9.

COMPLETE SCHEDULE C

Calculate: Determine net profit or loss on Schedule C, line 31.

COMPLETE SCHEDULE SE

Transfer: Enter the applicable Schedule C amount on Schedule SE, Part I, line 2, and complete Schedule SE to calculate self-employment tax.

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8. Automobile expense method comparison

Figure B – Automobile expense decision guide

Compare the methods available to you. Use the method that produces the larger allowable deduction and for which you maintain the required records.

WHICH VEHICLE-EXPENSE METHODS ARE AVAILABLE TO YOU?

STANDARD MILEAGE RATE METHOD

Calculate: Business miles from Jan. 1–Jun. 30, 2026 × 72.5 cents, plus business miles from Jul. 1–Dec. 31, 2026 × 76 cents.

Generally included: Depreciation, lease payments, maintenance and repairs, gasoline and oil, insurance, and registration fees.

Check eligibility: This method may be unavailable if you operate five or more vehicles at once; previously claimed non-straight-line depreciation, Section 179, or bonus depreciation; or previously claimed actual expenses for a leased vehicle.

ACTUAL EXPENSE METHOD

Step 1 – Determine Business Use Percentage (BUP): Business miles divided by total miles driven.

Step 2 – Calculate costs: Multiply BUP by allowable actual vehicle expenses, such as cleaning and maintenance, gasoline and oil, lease payments, repairs, tires, depreciation, and applicable registration or acquisition-related costs.

Step 3 – Check depreciation rules: If BUP is 50% or less, Section 179 and bonus depreciation generally are unavailable. If BUP exceeds 50%, they may be available, subject to applicable limitations.

VEHICLE LOAN INTEREST

Allocate carefully: The business-use portion may be considered under either method. Determine any potential personal-use deduction separately, and do not deduct the same interest twice. The business-use portion may be considered under either vehicle-expense method. A Schedule 1-A deduction for the personal-use portion is available only if the applicable requirements are met, including the requirement that more than 50% of the vehicle's expected use is personal. Do not deduct the same interest twice.

REPORT THE DEDUCTION

Schedule C: Report the deductible automobile expense on line 9, then return to Figure A.

Technical note: See Section 9 for first-year method rules, lease inclusion amounts, capitalization, depreciation methods and conventions, passenger-automobile limitations, Section 179, and bonus depreciation.

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9. Computing deductible expenses

Direct expenses

General rule

You are generally allowed to deduct business expenses if they are ordinary and necessary and are not required to be capitalized. These expenses do not include expenses related to business use of your home or automobile. Examples include Rover fees, refunds, payroll or contractor costs, pet-care supplies, parking and tolls, professional fees, and public transportation expenses associated with providing services.

Amounts paid for clothing or footwear that can be worn for ordinary personal purposes generally are not deductible. This applies even if the items are purchased primarily for use while performing pet care services.

You must keep track of all your business-related transportation costs to claim these deductions. Costs incurred traveling to and from your residence to the Owner's location as well as costs incurred traveling between Owners' locations are all deductible transportation expenses. If you travel for personal purposes after visiting an Owner, that portion of travel is NOT considered as having a business purpose and cannot be deducted.

Automobile expenses

Deduction methods: standard mileage rate vs. actual expenses

There are two methods available for deducting vehicle expenses related to your business: the Standard Mileage Rate Method and the Actual Expense Method.

Generally, you may choose the method that provides the larger deduction, provided you maintain the documentation needed to support your claim. However, your choice in the first year the vehicle is available for business use may affect which method you can use in later years. To preserve the option to use the Standard Mileage Rate Method, you generally must use that method in the first year the vehicle is available for business use. If you use the standard mileage rate for a leased vehicle, you generally must continue using that method for the entire lease period, including renewals.

Regardless of the method used, you should maintain records that distinguish business-use miles from personal-use miles.

In general, business-use miles include travel:

- Between your home and an Owner’s location to provide pet care services
- Between Owners’ locations
- To purchase supplies or equipment for your business
- For other business-related purposes
- Travel between your home and an Owner’s location is generally treated as business travel (rather than non-deductible commuting) when your home serves as your principal place of business or when each client’s location is a temporary work site.

Vehicle loan interest

If you use a vehicle for both business and personal purposes, the interest paid on the related vehicle loan may need to be allocated between those uses. The business-use portion may be deductible as a business expense on Schedule C. Under the One, Big, Beautiful Bill Act, a separate temporary deduction of up to $10,000 per year may be available on Schedule 1-A for the personal-use portion of interest paid on a loan used to purchase a vehicle assembled in the United States, subject to income limitations and other eligibility requirements. Among other requirements, the vehicle must be purchased for personal use, meaning that more than 50% of its use is reasonably expected to be personal when the loan is incurred. If this requirement is not satisfied, the Schedule 1-A deduction is not available. The same interest expense cannot be deducted more than once. Consult a tax advisor if you are unsure of the proper treatment or allocation of vehicle loan interest.

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Standard mileage rate method

The Standard Mileage Rate Method is generally the simplest way to deduct vehicle expenses because it is based primarily on your business mileage rather than tracking the actual costs of operating your vehicle. See Section 16 for information about the records you should maintain to support your business mileage.

To calculate your deduction for 2026, multiply the number of business miles driven during **January 1, 2026 through June 30, 2026** by **72.5 cents per mile**. Multiply the number of business miles driven during **July 1, 2026 through December 31, 2026** by **76 cents per mile**. Add the two amounts together to determine your deductible vehicle expense.

Expenses included in the standard mileage rate

The standard mileage rate is intended to account for many vehicle operating costs, including:

- Depreciation
- Lease payments
- Maintenance and repairs
- Gasoline and oil
- Insurance
- Registration fees

Because these costs are already reflected in the standard mileage rate, they generally may not be deducted separately when using this method.

Limitations

You generally may not use the Standard Mileage Rate Method if you:

- Lease five or more vehicles at the same time;
- Previously claimed depreciation using a method other than straight-line depreciation for the vehicle;
- Previously claimed a Section 179 deduction or bonus depreciation deduction for the vehicle; or
- Claimed actual vehicle expenses after 1997 for a leased vehicle.

Actual expense method

The Actual Expense Method allows you to deduct the business-use portion of your vehicle's actual operating costs. While this method generally requires more recordkeeping than the Standard Mileage Rate Method, it may result in a larger deduction.

To use this method, you must maintain records of:

- Business miles driven;
- Personal miles driven; and
- The costs of operating and maintaining your vehicle.

See Section 16 for information about the records you should maintain to support your deduction.

Expenses that may be included

Expenses that may be considered under the Actual Expense Method include:

- Cleaning and maintenance services, including car washes and cleaning supplies;
- Gasoline and oil changes;
- Vehicle loan interest, to the extent deductible;
- Lease payments;
- Repairs;
- Tires;
- Depreciation on amounts paid to acquire the vehicle, subject to applicable limitations; and
- Vehicle registration fees and legal fees, to the extent properly deductible rather than capitalized.

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Calculating your deduction

To calculate your deduction, you must first determine your **business-use percentage (BUP)**.

Calculate your BUP by dividing your business miles driven during the year by your total miles driven during the year.

Once your BUP has been determined, multiply the BUP by your allowable vehicle expenses to determine the deductible business portion of those expenses.

Limitations

Certain depreciation-related deductions may depend on your vehicle's business-use percentage.

- If your BUP is **50% or less**, you generally are not eligible to claim Section 179 depreciation or bonus depreciation.
- If your BUP is **more than 50%**, you may be eligible to claim Section 179 depreciation or bonus depreciation, subject to applicable limitations. See Section 9(iii), "Depreciation," for additional information.
- If your BUP changes from more than 50% to 50% or less in a later year, additional tax rules may apply. Consult a tax advisor for assistance.

Example:

Standard Mileage Rate: Your vehicle was placed in service for business use for the first time in 2026 and was driven for 1,500 miles for business purposes. 1,000 of those miles were driven in the first six months of 2026 and the remainder of the miles were driven in the last six months of 2026. You can deduct **$1,105** ([1,000 miles × 72.5 cents] + [500 × 76 cents]) for the year. You may still have additional allocable interest expense to consider.

Actual Expense: You had total allocable expenses of $8,250 (including interest) for the same vehicle. The vehicle was used for business purposes for 1,500 miles and used for personal purposes for 5,800 miles. You divide the business use miles by the total miles to determine a BUP of 20.5% (1,500 / 7,300 miles). Your deductible expenses are **$1,691.25** ($8,250 × 20.5%). You do not have additional allocable interest expense to consider.

i. Special rules for lease payments

If you lease a vehicle for 30 days or more, a portion of your allocable and deductible business lease payments may be subject to the lease inclusion rules. You may need to reduce your business portion of the lease payment deduction by the lease inclusion amount. Your lease inclusion amount is determined, in part, by what type of vehicle you are renting, the vehicle's BUP, the fair market value of the vehicle at the time the lease commenced, what date the lease commenced and will end, and what year of the lease you are in.

See the Example under Chapter 4 "Leasing a Car" as listed in IRS Publication 463, Travel, Gift, and Car Expenses for an example of calculating a lease inclusion amount. For additional assistance, consult your tax advisor.

ii. Repairs and maintenance vs. improvements – deduct in the current year or capitalize to deduct in future years

Routine repair and maintenance costs, such as oil changes or replacement windshield wipers, may be currently deductible under the actual expense method to the extent of business use. Costs that materially improve the vehicle may need to be capitalized. Consult a tax advisor if significant work is performed on the vehicle.

iii. Depreciation

If you own a vehicle that you use in your business, you may be able to recover part of the vehicle's cost through annual tax deductions. These deductions are called depreciation.

In general, the cost of purchasing a vehicle is not deducted all at once. Instead, the vehicle is treated as a long-term business asset and its cost is generally capitalized and recovered over time through annual depreciation deductions. Certain special rules, such as Section 179 depreciation and bonus depreciation, may allow taxpayers to recover some or all of the business-use portion of the vehicle's cost more quickly.

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Depreciation is a non-cash deduction, meaning it allows you to recover the cost of a business asset over time even though you are not making a payment each year for that asset.

The amount of depreciation you may deduct depends on several factors, including:

1. Your business-use percentage (BUP);
2. Your vehicle's basis (generally its cost, including certain acquisition-related costs);
3. The vehicle's recovery period;
4. The depreciation method used; and
5. The applicable depreciation convention.

For many Rover Sitters, depreciation is one of the more complex vehicle-related deductions. The following overview highlights some of the concepts that may affect the calculation.

Business-Use Percentage (BUP)

Your business-use percentage represents the extent to which your vehicle is used for business rather than personal purposes. It is generally determined by dividing your business miles by your total miles driven during the year.

Basis

Your basis in a vehicle is generally the amount you paid to acquire it, plus certain additional costs associated with the purchase.

Depending on the circumstances, costs such as title fees, documentation fees, registration fees, legal fees, or transfer taxes may be included in the vehicle's basis rather than deducted separately.

Note: Your basis may need to be adjusted if tax credits or other incentives were claimed when the vehicle was purchased. Consult a tax advisor if you are unsure how to determine your basis.

Note: If a vehicle was originally purchased for personal use and later converted to business use, special basis rules may apply.

Recovery Period

For federal tax purposes, passenger vehicles are generally depreciated over a 5-year recovery period. Because of the tax rules used to calculate depreciation, deductions are often spread across portions of six tax years rather than exactly five calendar years.

Depreciation Method

The current federal depreciation system is generally referred to as the Modified Accelerated Cost Recovery System (MACRS).

Under MACRS, different depreciation methods may apply depending on the facts and circumstances.

Note: If your vehicle's business-use percentage is 50% or less, special limitations apply and you generally may not claim Section 179 depreciation or bonus depreciation.

Depreciation Convention

A depreciation convention determines when depreciation begins during the year a vehicle is placed in service.

In many situations, either the half-year convention or the mid-quarter convention will apply. The applicable convention depends on the timing of asset purchases during the year and is determined under specific tax rules.

Because these rules can become complex, particularly if you own multiple businesses or acquire multiple depreciable assets during the year, you should consult a tax advisor if you are uncertain which convention applies.

For additional information regarding depreciation methods, conventions, and limitation rules, see IRS Publication 946, How to Depreciate Property.

Example 1: You purchased your vehicle in cash on June 1, 2026 for $32,000. As part of the purchase, you paid legal and registration fees of $2,000. You started using the vehicle immediately after your purchase. The BUP for the year is 35%.

The depreciable basis of your vehicle is $34,000 (purchase price of $32,000 plus other costs of $2,000). Since the vehicle is the only asset purchased during the year used in a trade or business, you are subject to the HY convention. Since the BUP is 50% or less, you are required to use the SL method to compute your depreciation deduction.

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Based on IRS Publication 946, Appendix A, Chart 1, the depreciation percentage to apply in the first year of the vehicle's recovery period using the HY convention and SL method is 10% (Table A-8). Your maximum depreciation deduction is $3,400 (10% times $34,000).

Note that this amount has not yet factored in the BUP of your vehicle for the tax year or the passenger automobile depreciation limits, as discussed later.

In general, DB methods tend to generate larger depreciation deductions in earlier years followed by smaller ones in later years, whereas SL methods generate equal depreciation deductions over the life of the recovery period.

Determining the allowable depreciation deduction

Use the following steps to determine your deductible depreciation expense for the current year:

1. **Calculate the passenger automobile limit.** Multiply your vehicle's BUP by the maximum depreciation allowed for the year the vehicle was placed in service under the "Maximum Depreciation Deduction" table in IRS Publication 946. This is the **limited amount**.
2. **Calculate depreciation before the passenger automobile limit.** Determine depreciation using the applicable amounts in IRS Publication 946, Appendix A, and multiply that amount by your vehicle's BUP. This is the **computed amount**.
3. **Compare the two amounts.** You may deduct the computed amount if it is equal to or less than the limited amount. If the computed amount exceeds the limited amount, your deduction is limited to the limited amount.

Amount not currently deductible: Any portion of the computed amount that is not deductible because of the passenger automobile limit may be eligible for deduction in a later tax year.

> **Example 2:** Your BUP for the vehicle in Example 1 above is 35%. Therefore, your maximum depreciation deduction in year 1 before the application of the passenger automobile limitations is $1,190 (35% × $3,400 depreciation before passenger automobile limitation rules).

You look up the maximum depreciation deduction allowable under the passenger automobile limitations in IRS Publication 946. For automobiles placed in service in 2026, the maximum first year depreciation deduction is $12,300 (assume no bonus depreciation is taken). If bonus depreciation is claimed and the vehicle's business-use percentage exceeds 50%, the maximum first-year depreciation deduction for 2026 increases to $20,300. You multiply the maximum deduction within the automobile limits by the BUP to get a maximum depreciation deduction of $4,305 ($12,300 × 35%).

Since your depreciation deduction without regard to the automobile limits ($1,190) is smaller than your depreciation deduction with regard to the automobile limits ($4,305), your depreciation deduction is NOT limited.

The determination of which depreciation method is most beneficial to you over the life of your vehicle's planned life is complex. In these circumstances, please consult your tax advisor.

1. Section 179 depreciation deduction

If the vehicle is used more than 50% for business in the year it is placed in service, you may be eligible to expense all or part of the vehicle's business-use cost under Section 179, subject to the annual Section 179 limit ($2,560,000 in 2026), the taxable-income limitation, passenger-automobile limits, and other restrictions. Apply the business-use percentage before determining the allowable deduction.

2. Special ("bonus") depreciation deduction

Under the One, Big, Beautiful Bill Act, 100% bonus depreciation is available for qualified property placed in service through 2030. If the vehicle is qualified property and is used more than 50% for business, you may be able to claim 100% bonus depreciation on the vehicle's business-use basis after any Section 179 deduction, subject to passenger automobile limits and other applicable rules. For 2026, the first-year depreciation limit for passenger automobiles

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with bonus depreciation is $20,300 (Rev. Proc. 2026-15). The deduction is not based on the vehicle's full unallocated purchase price. Apply the business-use percentage and all applicable limitations.

If business use later falls to 50% or less, recapture or other adjustments may be required. Consult a tax advisor before claiming accelerated depreciation on a mixed-use vehicle.

Note: Taxpayers are still required to allocate their Section 179 and bonus depreciation expenses based on the BUP of their vehicles.

The rules for determining when it is acceptable to use the Section 179 and special bonus depreciation amounts are extremely complex. Please consult your tax advisor for additional details.

Business use of home

Due to the complexity of claiming these types of expenses, we recommend seeking professional tax advice if you intend to deduct such expenses when providing services from your home.

10. Do I owe self-employment tax (and how do I report it)?

I am a Rover Sitter. Am I subject to self-employment tax in the U.S. on the earnings I make operating my business on Rover?

Self-employed persons are persons who are in business for themselves. In addition to owing regular income tax on your earnings, you may also be subject to self-employment tax. Self-employment tax applies to individuals operating their own business who earned net income of $400 or more during the tax year. Self-employment tax consists of two types of taxes: social security taxes and Medicare taxes. The Social Security tax rate is 12.4%. The Medicare tax rate is 2.9%. Combined, they make up the self-employment tax rate of 15.3%. For tax year 2026, you are generally only required to pay self-employment tax on the first **$184,500** of wages, tips, and other self-employment income you earn during the year. However, if you earn over $184,500 during the year, you will generally be required to continue paying the 2.9% Medicare tax with no upper limit.

In addition, if your wages, compensation, and self-employment income exceed the threshold for your filing status, you will be responsible for paying the **Additional Medicare Tax**. This is an extra 0.9% tax on each dollar of earned income over the applicable threshold—$200,000 for single filers or $250,000 for married taxpayers filing jointly.

Self-employment income is reportable on Schedule SE – Self-Employment Tax (Form 1040). You will utilize the income or loss calculated on Schedule C – Profit or Loss from Business (Form 1040) to calculate the amount of income subject to Social Security and Medicare taxes and will report the total on Schedule 2 – Additional Taxes (Form 1040), Part II, as directed by the current form. You will also be able to deduct one-half of any self-employment tax paid on Schedule 1, Part II, line 15.

See Exhibit 2 for an example on Schedule SE (Form 1040) and Exhibit 3 for an example of Schedule 2 (Form 1040).

11. I have people who work for my business. What other tax filings do I need to think about?

If you hire workers to help operate your business, you may have additional federal, state, and local tax obligations. These obligations can vary depending on whether the worker is treated as an **employee** or an **independent contractor**.

Generally, businesses that hire employees may be responsible for withholding and remitting income taxes, Social Security taxes, Medicare taxes, unemployment taxes, and other payroll-related taxes. Businesses may also be required to make periodic tax deposits and file payroll tax returns (such as Form 941 or Form 944). Before paying employees, you generally must obtain an Employer Identification Number (EIN). Failure to withhold and remit employment taxes can result in personal liability. For more information, see IRS Publication 15 (Circular E), Employer's Tax Guide.

Independent Contractors

If you pay an independent contractor to perform services for your business, you may be required to provide the contractor with Form 1099-NEC and submit a copy to the IRS.

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For payments made during 2026, Form 1099-NEC is generally required if you pay an independent contractor **$2,000 or more** for services performed in connection with your business. (For payments made in 2025 and earlier, the reporting threshold was generally $600.)

Worker classification is important because different tax and reporting requirements apply to employees and independent contractors. If you are unsure how a worker should be classified, consult a tax advisor.

Employees

If you have employees working for you, either full-time or part-time, you generally must report wages, tips, and other compensation paid to those employees on Form W-2 and provide the required information to the IRS and Social Security Administration.

Copies of Form W-2 generally must be provided to employees by January 31 of the year following the year the wages were paid. See the IRS Instructions for Forms W-2 and W-3 for additional information.

12. How is my (net) business income taxed?

Taxable business income is the gross amount of payments received less allowable business expenses. This can also be referred to as net business income. If allowable expenses exceed gross receipts, a loss may arise. Taxable business income or loss is calculated on Schedule C. See Section 6 and Exhibits 1A and 1B.

For federal income tax purposes, net business income is taxed at ordinary income tax rates, subject to applicable rules and limitations. Ordinary income tax rates vary based on filing status and overall taxable income. See Exhibit 6.

For information about the separate federal deduction for qualified tips, see Section 13.

13. Deduction for qualified tips

Beginning in tax year 2025, certain employees and self-employed individuals may be eligible for a federal income tax deduction for qualified tips, subject to applicable IRS requirements and limitations. In general, qualified tips are voluntary tips received from customers and reported as income. For self-employed individuals, the deduction generally cannot exceed the net income earned from the trade or business in which the tips were received. Additional limitations may apply based on your income and circumstances.

Importantly, this deduction does not change the requirement to report tips as income. Tips should generally still be included in gross business income and reported on Schedule C, as discussed in Section 4. Any deduction for qualified tips is determined separately when calculating federal taxable income. See Exhibit 5 for a summary of where each step is reported.

Pet care is included in the IRS's list of qualifying occupations (Treasury Tipped Occupation Code 506, which covers pet sitters, pet walkers, pet groomers, and kennel workers). Rover Sitters who receive voluntary tips from customers may therefore be eligible for this deduction. Key requirements and limitations include:

- The maximum annual deduction is $25,000.
- For self-employed individuals, the deduction may not exceed net income from the trade or business in which the tips were received.
- The deduction phases out for taxpayers with modified adjusted gross income (MAGI) exceeding $150,000 ($300,000 for married filing jointly).
- Married taxpayers must file jointly to claim the deduction.
- The deduction is claimed on Schedule 1-A and reduces federal income tax only. It does not reduce self-employment tax.

Because the rules governing this deduction are new and subject to additional IRS guidance, Rover Sitters should review current IRS guidance and consult a tax advisor to determine whether they qualify.

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Information-reporting requirement

The qualified-tips deduction is generally limited to the amount of qualified tips reported on the applicable information return. For 2026, Rover Sitters should use the qualified-tip amount reported in box 1c of Form 1099-K, together with the related Rover tax information, when determining the potential deduction. Reporting tip income on Schedule C does not, by itself, establish the amount eligible for the separate qualified-tips deduction.

Important: If you do not receive a Form 1099-K that includes your qualified tips, you generally cannot claim the qualified tips deduction for those tips, even though you must still include the tips in your gross business income.

If Rover is not otherwise required to issue you a Form 1099-K because your payments are below the applicable reporting threshold, you may need to request that Rover issue and file the form in order to document qualified tips for purposes of the deduction. Review the election information provided in your Rover account and make any required election by the stated deadline.

How to claim the deduction on Schedule 1-A

Qualified tips are claimed on Schedule 1-A (Form 1040), Additional Deductions, which you attach to your Form 1040. Keep reporting all of your tips in gross receipts on Schedule C, line 1, and then follow the steps below. The line numbers shown are based on the 2026 draft Schedule 1-A; confirm them against the final form and instructions for the year you are filing.

1. **Complete Part I (modified adjusted gross income).** Enter your adjusted gross income from Form 1040, line 11b, on line 1. Add any excluded income reported on lines 2a–2d (most Sitters will enter zero) and enter the total on line 3. This is the MAGI used for the phase-out.
2. **Skip the employee lines unless they apply.** Lines 4a–4c are for tips received as an employee (Form W-2). A Sitter who is self-employed generally does not use them for Rover tips.
3. **Enter your qualified tips on Part II, line 6. Line 6 is for qualified tips received in the course of a trade or business. Enter only the qualified tip amount reported on your Form 1099-K, not your total gross receipts. Do not enter more than the net profit from your business shown on Schedule C, line 31.**
4. **Finish Part II.** Follow the remaining lines in Part II to apply the $25,000 annual limit and the MAGI phase-out. The result is your qualified tips deduction.
5. **Carry the total to Form 1040. Enter the total of your Schedule 1-A deductions (line 44 on the 2026 draft form) on Form 1040, line 13a. The deduction reduces taxable income only. It does not change your Schedule C net profit, your adjusted gross income, or your self-employment tax.**

> **Example (qualified tips deduction):** Your Form 1099-K reports $3,000 of qualified tips in box 1c, your Schedule C net profit is $20,000, and your MAGI is below the phaseout threshold. You report all of your receipts, including the tips, on Schedule C, so your net business income and self-employment tax are unchanged. On Schedule 1-A, you may deduct up to $3,000, which is below the $25,000 maximum and your net profit.

See Exhibit 5 for an example of where qualified tips appear in box 1c of Form 1099-K and where they are entered on Schedule 1-A, Part II, line 6, along with a summary of the full reporting flow.

14. Do I need to make estimated tax payments?

Estimated taxes are how you pay tax on business income that is not subject to withholding. If you do not pay enough tax through withholdings or estimated tax payments, you may be subject to an estimated tax payment penalty.

Generally, you should make quarterly estimated tax payments on your business income since no employer withholds taxes on your behalf. Your tax obligations include both income tax and self-employment tax. The 4 quarterly due dates for estimated taxes are April 15, June 15, September 15, and January 15 of the following year. If a due date falls on a Saturday, Sunday, or legal holiday, the payment is due the next business day. In general, you can avoid an underpayment penalty if you pay (in 4 equal installments) the lesser of (1) 90% of your current year tax liability or (2) between 100% and 110% of your prior year tax liability (depending on your income).

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Use the 2026 estimated tax worksheet found within Form 1040-ES, Estimated Tax for Individuals to determine what your required estimated taxes should have been, and whether you will owe any penalty for an underpayment. See Exhibit 4 for an extract from Form 1040-ES. If you have questions on how to estimate your taxes, please consult a tax advisor for assistance.

15. What do I need to know if I sell assets that have been used in my business?

Upon the sale of your vehicle that was used for business purposes, you must determine whether you have a taxable gain or loss. The rules for computing your taxable gain or loss, as well as reporting it, are complex. Please consult your tax advisor.

16. What documents do I need to keep?

All supporting documentation with respect to business income and expenses must be kept for tax purposes regardless of the length of the business period. You do not need to submit the supporting documentation with your return. However, the IRS may request copies of the documentation. You should keep a record of the following:

- Receipts for deductible expenses, including repairs, supplies, and cleaning services
- Your Rover-provided Form 1099-K and 1099-K Summary, if applicable
- Any other Forms 1099 provided by Rover
- Records of business earnings not reported on a Form 1099
- Vehicle records, if applicable
    - Purchase or lease contracts, including financing details
    - Odometer and mileage logs
- Home-office records, if applicable
    - Home purchase or rental contracts, including financing details
- Forms 1099-NEC issued to independent contractors
- Forms W-2 and W-3 issued for employees

Generally, you must keep records that support items shown on your return until the period of limitation for that return runs out. The period of limitation is the period of time during which you can amend your return to claim a credit or refund or the IRS can assess additional tax.

If you...	Keep records for...
Owe additional tax and none of the exceptions below applies	3 years
Omit more than 25% of the gross income shown on your return	6 years
File a fraudulent return	No limit
Do not file a return	No limit
File a claim for credit or refund after filing your return	The later of 3 years after filing or 2 years after the tax was paid
File a claim for a loss from worthless securities	7 years

Additionally, you should keep records relating to your basis in your home or vehicle until the period of limitations expires for the year in which you sell either. You must keep these records to figure any depreciation deduction and to figure the gain or loss when you sell or otherwise dispose of the property.

If you do not keep the requisite records, it may be impossible for you to prove that you incurred deductible expenses or to establish your basis for gain or loss. Without such proof, the IRS can deny you a deduction.

When your records are no longer needed for tax purposes, do not discard them until you check to see whether you must keep them longer for other purposes. For example, your insurance company or creditors may require you to keep them longer than the IRS does.

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17. What other resources should I check out?

Below is a list of resources that you can reference for a more thorough explanation on the topics discussed above.

IRS Guidance & Publications:

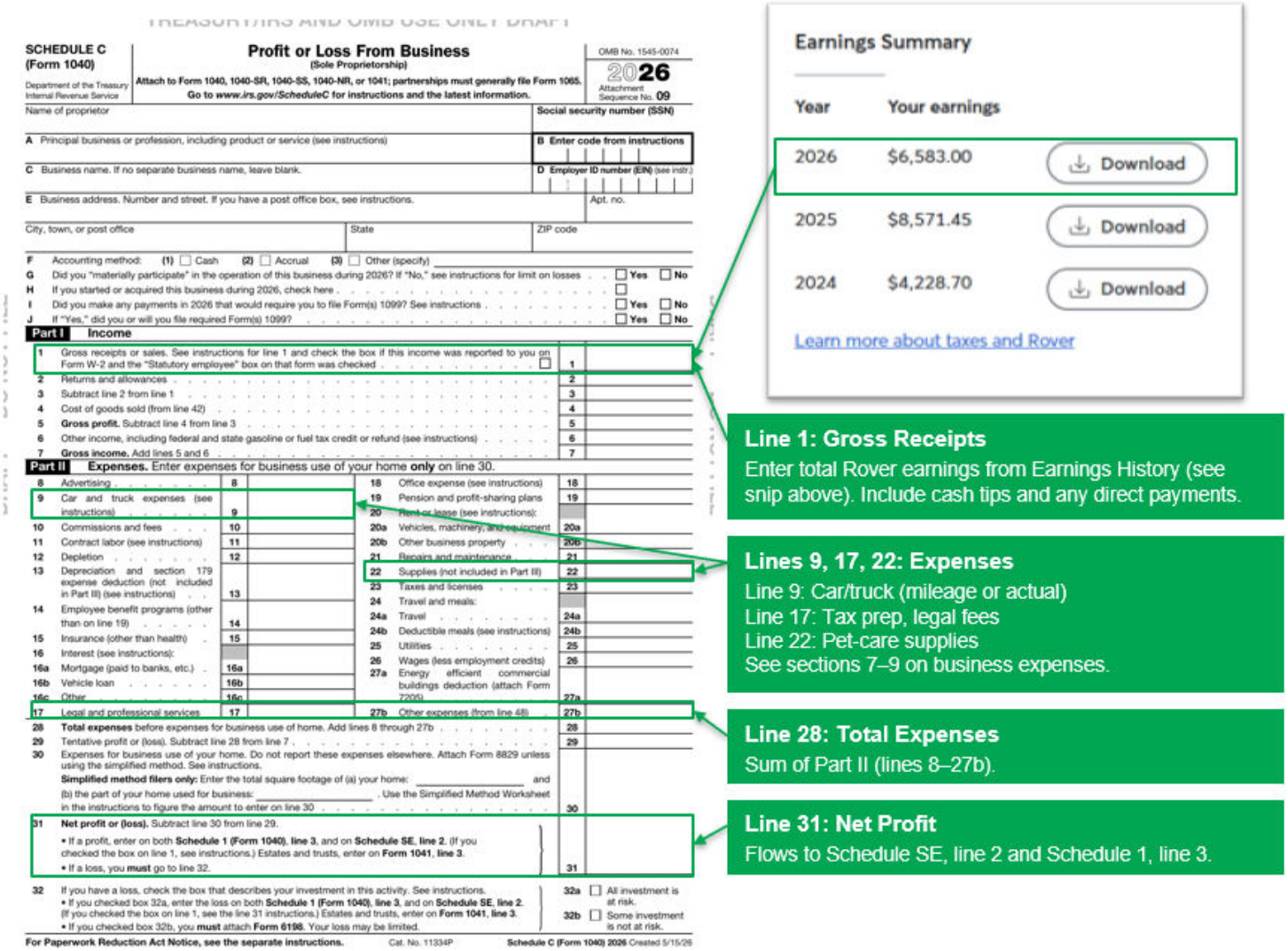
Business Activities (Trade or Business)
IRS Publication 535, Business Expenses
Business Use of a Car
IRS sets 2026 business standard mileage rate at 72.5 cents per mile
IRS standard mileage rates (updated mid-year 2026 to 76 cents per mile for 7/1/26 – 12/31/26)
IRS Publication 463, Travel, Gift, and Car Expenses
Recordkeeping
IRS Publication 946, How to Depreciate Property
Self-Employment Tax (Social Security and Medicare Taxes)
Instructions for Forms 1099-MISC and 1099-NEC
General Instructions for Forms W-2 and W-3
Federal Income Tax Rates and Brackets
IRS Releases Tax Inflation Adjustments for Tax Year 2026
IRS Individual Tax Withholding Estimator
IRS Publication 334, Tax Guide for Small Business
IRS Guidance for Individuals who Received Tips or Overtime

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18. Exhibits

Exhibit 1A – Schedule C reporting map for a Sitter who does not receive Form 1099-K

Note: The 2026 forms shown in this exhibit are drafts and are subject to change.



SCHEDULE C (Form 1040) — Profit or Loss From Business (Sole Proprietorship) — OMB No. 1545-0074 — 2026

Department of the Treasury, Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Attachment Sequence No. 09

Name of proprietor | Social security number (SSN)

A Principal business or profession, including product or service (see instructions) | B Enter code from instructions

C Business name. If no separate business name, leave blank. | D Employer ID number (EIN) (see instr.)

E Business address. Number and street. If you have a post office box, see instructions. | Apt. no.

City, town, or post office | State | ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify)

G Did you "materially participate" in the operation of this business during 2026? If "No," see instructions for limit on losses ☐ Yes ☐ No

H If you started or acquired this business during 2026, check here ☐

I Did you make any payments in 2026 that would require you to file Form(s) 1099? See instructions ☐ Yes ☐ No

J If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ — 1

2 Returns and allowances — 2

3 Subtract line 2 from line 1 — 3

4 Cost of goods sold (from line 42) — 4

5 **Gross profit.** Subtract line 4 from line 3 — 5

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) — 6

7 **Gross income.** Add lines 5 and 6 — 7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising — 8
9 Car and truck expenses (see instructions) — 9
10 Commissions and fees — 10
11 Contract labor (see instructions) — 11
12 Depletion — 12
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) — 13
14 Employee benefit programs (other than on line 19) — 14
15 Insurance (other than health) — 15
16 Interest (see instructions):
16a Mortgage (paid to banks, etc.) — 16a
16b Vehicle loan — 16b
16c Other — 16c
17 Legal and professional services — 17

18 Office expense (see instructions) — 18
19 Pension and profit-sharing plans — 19
20 Rent or lease (see instructions):
20a Vehicles, machinery, and equipment — 20a
20b Other business property — 20b
21 Repairs and maintenance — 21
22 Supplies (not included in Part III) — 22
23 Taxes and licenses — 23
24 Travel and meals:
24a Travel — 24a
24b Deductible meals (see instructions) — 24b
25 Utilities — 25
26 Wages (less employment credits) — 26
27a Energy efficient commercial buildings deduction (attach Form 7205) — 27a
27b Other expenses (from line 48) — 27b

28 **Total expenses** before expenses for business use of home. Add lines 8 through 27b — 28
29 Tentative profit or (loss). Subtract line 28 from line 7 — 29
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 — 30

31 **Net profit or (loss).** Subtract line 30 from line 29.
• If a profit, enter on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If a loss, you **must** go to line 32. — 31

32 If you have a loss, check the box that describes your investment in this activity. See instructions.
• If you checked box 32a, enter the loss on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If you checked box 32b, you **must** attach **Form 6198**. Your loss may be limited.
32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P — Schedule C (Form 1040) 2026 Created 5/15/26

Earnings Summary

Year	Your earnings	
2026	$6,583.00	Download
2025	$8,571.45	Download
2024	$4,228.70	Download

Learn more about taxes and Rover

Line 1: Gross Receipts
Enter total Rover earnings from Earnings History (see snip above). Include cash tips and any direct payments.

Lines 9, 17, 22: Expenses
Line 9: Car/truck (mileage or actual)
Line 17: Tax prep, legal fees
Line 22: Pet-care supplies
See sections 7–9 on business expenses.

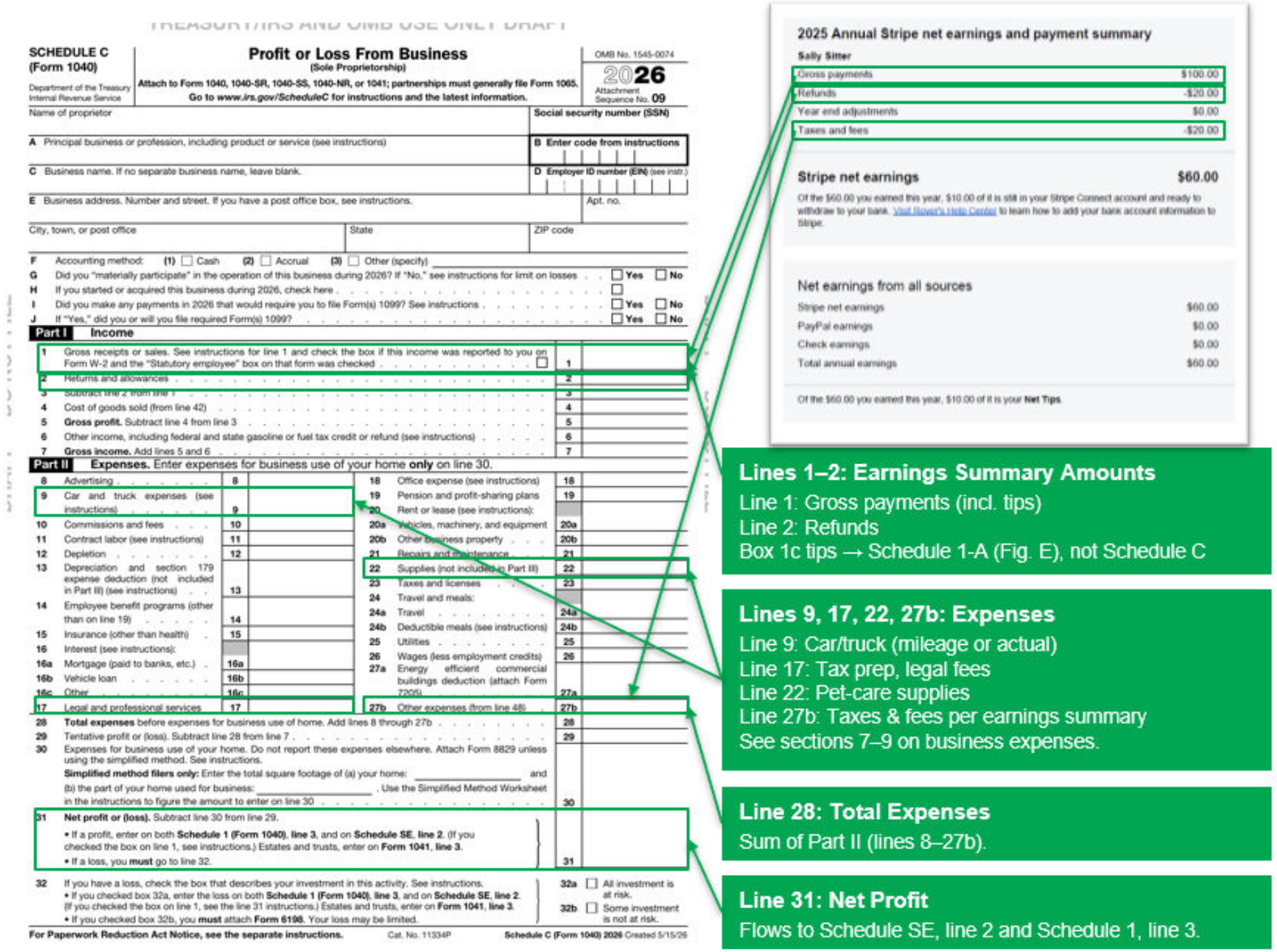
Line 28: Total Expenses
Sum of Part II (lines 8–27b).

Line 31: Net Profit
Flows to Schedule SE, line 2 and Schedule 1, line 3.

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Exhibit 1B – Schedule C reporting map for a Sitter who receives Form 1099-K

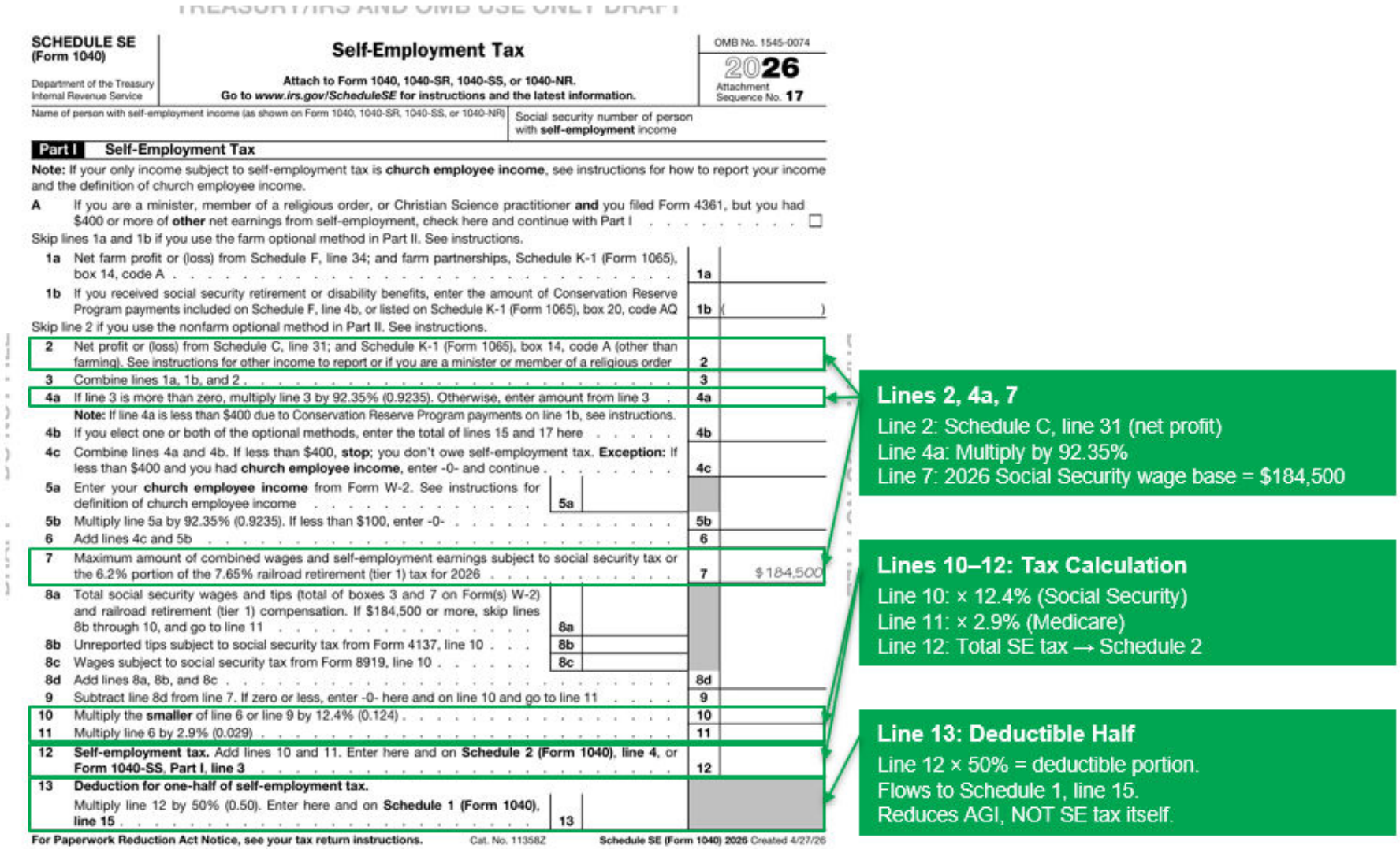
Note: The 2026 forms shown in this exhibit are drafts and are subject to change.



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Exhibit 2 – Schedule SE reporting map

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TREASURY/IRS AND OMB USE ONLY DRAFT

SCHEDULE SE (Form 1040)
Department of the Treasury
Internal Revenue Service

Self-Employment Tax

Attach to Form 1040, 1040-SR, 1040-SS, or 1040-NR.
Go to *www.irs.gov/ScheduleSE* for instructions and the latest information.

OMB No. 1545-0074
2026
Attachment Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040, 1040-SR, 1040-SS, or 1040-NR) | Social security number of person with **self-employment** income

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, see instructions for how to report your income and the definition of church employee income.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had $400 or more of **other** net earnings from self-employment, check here and continue with Part I ☐

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1a	Net farm profit or (loss) from Schedule F, line 34; and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
1b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AQ	1b	( )

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2	Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order	2	
3	Combine lines 1a, 1b, and 2	3	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3	4a	
	Note: If line 4a is less than $400 due to Conservation Reserve Program payments on line 1b, see instructions.		
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
4c	Combine lines 4a and 4b. If less than $400, **stop**; you don't owe self-employment tax. **Exception:** If less than $400 and you had **church employee income**, enter -0- and continue	4c	
5a	Enter your **church employee income** from Form W-2. See instructions for definition of church employee income — 5a		
5b	Multiply line 5a by 92.35% (0.9235). If less than $100, enter -0-	5b	
6	Add lines 4c and 5b	6	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2026	7	$184,500
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If $184,500 or more, skip lines 8b through 10, and go to line 11 — 8a		
8b	Unreported tips subject to social security tax from Form 4137, line 10 — 8b		
8c	Wages subject to social security tax from Form 8919, line 10 — 8c		
8d	Add lines 8a, 8b, and 8c	8d	
9	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	
10	Multiply the **smaller** of line 6 or line 9 by 12.4% (0.124)	10	
11	Multiply line 6 by 2.9% (0.029)	11	
12	**Self-employment tax.** Add lines 10 and 11. Enter here and on **Schedule 2 (Form 1040), line 4**, or **Form 1040-SS, Part I, line 3**	12	
13	**Deduction for one-half of self-employment tax.** Multiply line 12 by 50% (0.50). Enter here and on **Schedule 1 (Form 1040), line 15** — 13		

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11358Z **Schedule SE (Form 1040) 2026** Created 4/27/26

Lines 2, 4a, 7
Line 2: Schedule C, line 31 (net profit)
Line 4a: Multiply by 92.35%
Line 7: 2026 Social Security wage base = $184,500

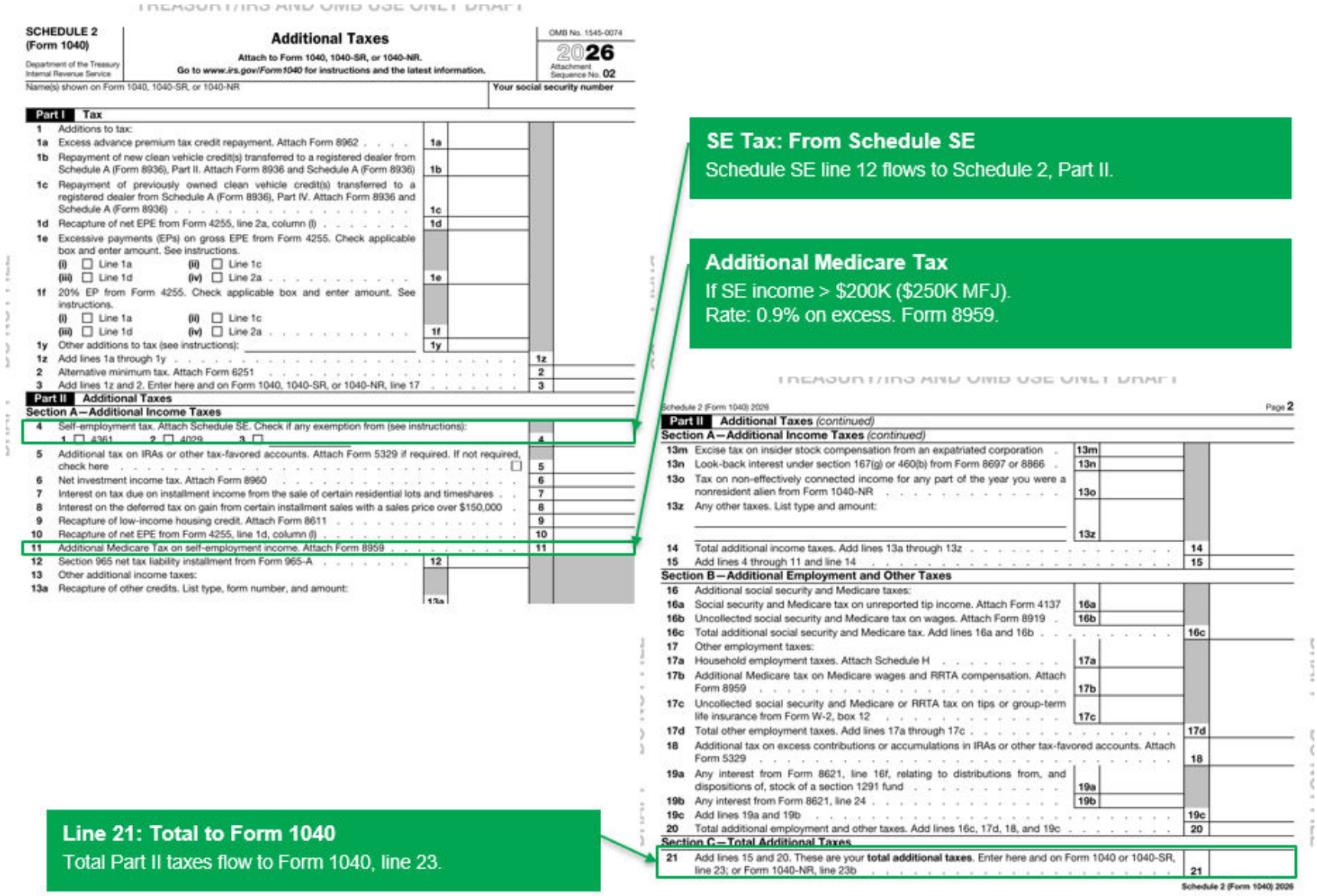
Lines 10–12: Tax Calculation
Line 10: × 12.4% (Social Security)
Line 11: × 2.9% (Medicare)
Line 12: Total SE tax → Schedule 2

Line 13: Deductible Half
Line 12 × 50% = deductible portion.
Flows to Schedule 1, line 15.
Reduces AGI, NOT SE tax itself.

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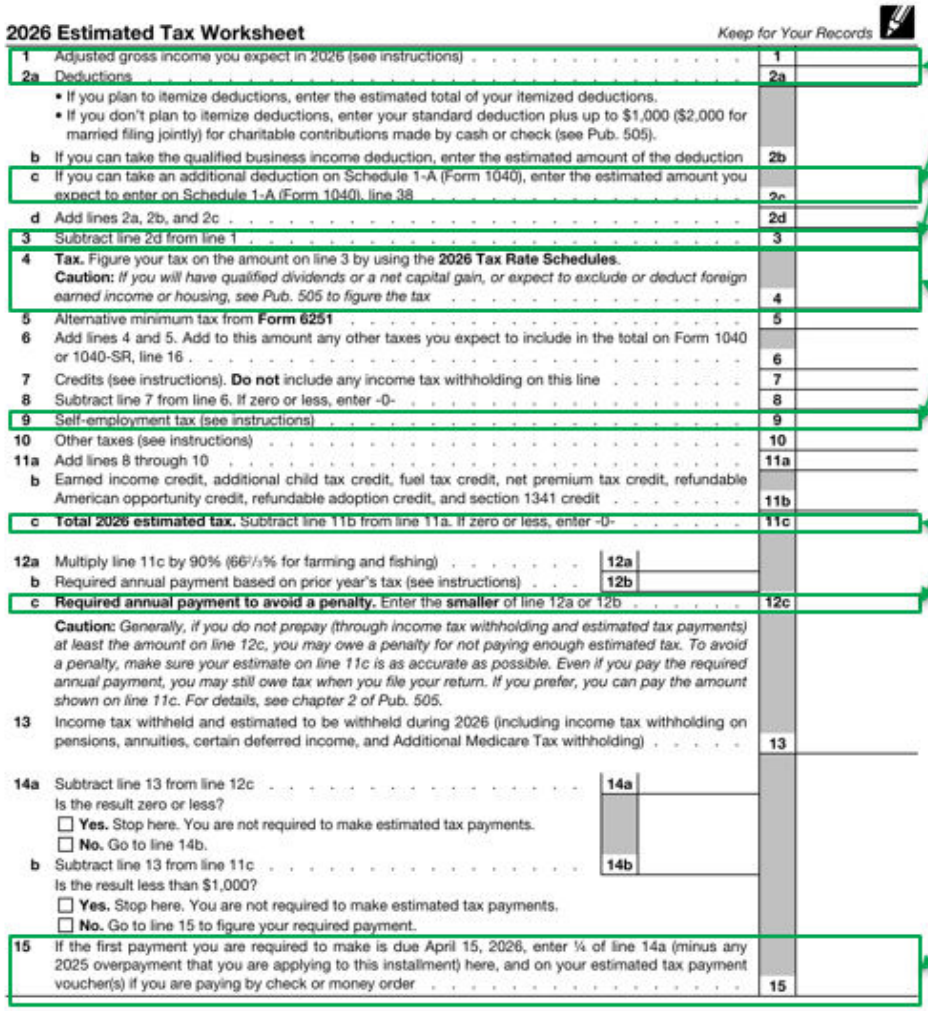
Exhibit 3 – Schedule 2 reporting map

Note: The 2026 forms shown in this exhibit are drafts and are subject to change.



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Exhibit 4 – Form 1040-ES estimated tax summary



2026 Estimated Tax Worksheet *Keep for Your Records*

1	Adjusted gross income you expect in 2026 (see instructions)	1	
2a	Deductions • If you plan to itemize deductions, enter the estimated total of your itemized deductions. • If you don't plan to itemize deductions, enter your standard deduction plus up to $1,000 ($2,000 for married filing jointly) for charitable contributions made by cash or check (see Pub. 505).	2a	
b	If you can take the qualified business income deduction, enter the estimated amount of the deduction	2b	
c	If you can take an additional deduction on Schedule 1-A (Form 1040), enter the estimated amount you expect to enter on Schedule 1-A (Form 1040), line 38	2c	
d	Add lines 2a, 2b, and 2c	2d	
3	Subtract line 2d from line 1	3	
4	**Tax.** Figure your tax on the amount on line 3 by using the **2026 Tax Rate Schedules.** **Caution:** *If you will have qualified dividends or a net capital gain, or expect to exclude or deduct foreign earned income or housing, see Pub. 505 to figure the tax*	4	
5	Alternative minimum tax from **Form 6251**	5	
6	Add lines 4 and 5. Add to this amount any other taxes you expect to include in the total on Form 1040 or 1040-SR, line 16	6	
7	Credits (see instructions). **Do not** include any income tax withholding on this line	7	
8	Subtract line 7 from line 6. If zero or less, enter -0-	8	
9	Self-employment tax (see instructions)	9	
10	Other taxes (see instructions)	10	
11a	Add lines 8 through 10	11a	
b	Earned income credit, additional child tax credit, fuel tax credit, net premium tax credit, refundable American opportunity credit, refundable adoption credit, and section 1341 credit	11b	
c	**Total 2026 estimated tax.** Subtract line 11b from line 11a. If zero or less, enter -0-	11c	
12a	Multiply line 11c by 90% (66⅔% for farming and fishing)	12a	
b	Required annual payment based on prior year's tax (see instructions)	12b	
c	**Required annual payment to avoid a penalty.** Enter the **smaller** of line 12a or 12b	12c	
	Caution: *Generally, if you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 12c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 11c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you can pay the amount shown on line 11c. For details, see chapter 2 of Pub. 505.*		
13	Income tax withheld and estimated to be withheld during 2026 (including income tax withholding on pensions, annuities, certain deferred income, and Additional Medicare Tax withholding)	13	
14a	Subtract line 13 from line 12c Is the result zero or less? ☐ **Yes.** Stop here. You are not required to make estimated tax payments. ☐ **No.** Go to line 14b.	14a	
b	Subtract line 13 from line 11c Is the result less than $1,000? ☐ **Yes.** Stop here. You are not required to make estimated tax payments. ☐ **No.** Go to line 15 to figure your required payment.	14b	
15	If the first payment you are required to make is due April 15, 2026, enter ¼ of line 14a (minus any 2025 overpayment that you are applying to this installment) here, and on your estimated tax payment voucher(s) if you are paying by check or money order	15	

Lines 1–2: Income & Deductions
Line 1: Expected AGI
Line 2a: Standard or Itemized deduction
Line 2c: Schedule 1-A (tips deduction). See section 13.
If deductions > AGI, line 3 = $0

Lines 4, 9: Tax Components
Line 4: Income tax (may be $0 if tips deduction applies). See section 13 for more on tips deduction.
Line 9: SE tax from Schedule SE

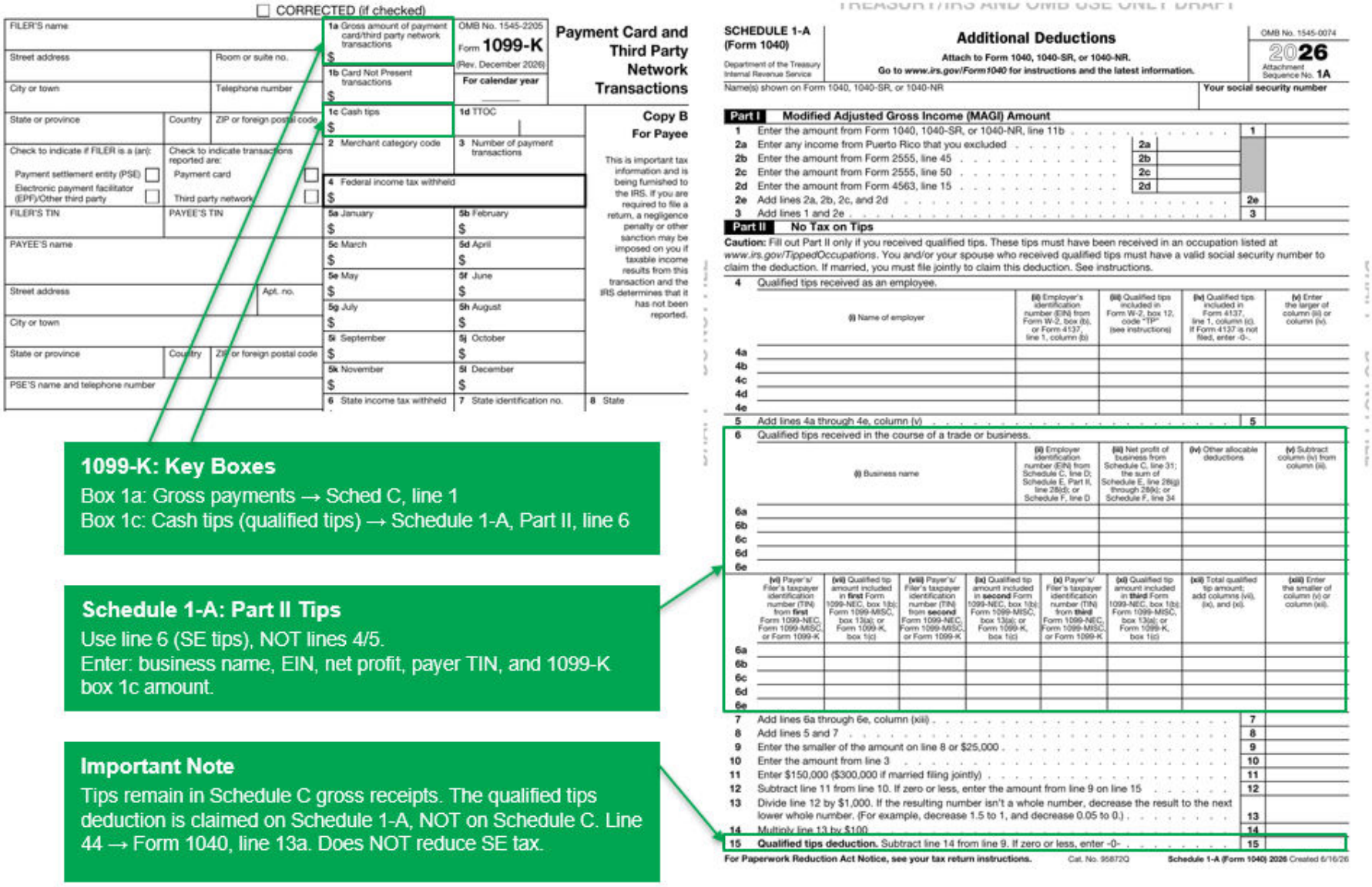
Lines 11c, 12c: Estimated Tax
Line 11c: Total estimated tax
Line 12c: Required annual payment

Line 15: Quarterly Payment
Required annual payment ÷ 4

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Exhibit 5 – Qualified tips reporting guide

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Exhibit 6 – 2026 Tax Rate Schedules for Individuals

The tables below show tax as a base amount plus a percentage of taxable income over the lower limit of the applicable bracket.

Single

If taxable income is over	But not over	Tax is
$0	$12,400	10% of taxable income
$12,400	$50,400	$1,240 plus 12% of the amount over $12,400
$50,400	$105,700	$5,800 plus 22% of the amount over $50,400
$105,700	$201,775	$17,966 plus 24% of the amount over $105,700
$201,775	$256,225	$41,024 plus 32% of the amount over $201,775
$256,225	$640,600	$58,448 plus 35% of the amount over $256,225
$640,600	No limit	$192,979.25 plus 37% of the amount over $640,600

Married Filing Jointly / Qualifying Surviving Spouse

If taxable income is over	But not over	Tax is
$0	$24,800	10% of taxable income
$24,800	$100,800	$2,480 plus 12% of the amount over $24,800
$100,800	$211,400	$11,600 plus 22% of the amount over $100,800
$211,400	$403,550	$35,932 plus 24% of the amount over $211,400
$403,550	$512,450	$82,048 plus 32% of the amount over $403,550
$512,450	$768,700	$116,896 plus 35% of the amount over $512,450
$768,700	No limit	$206,583.50 plus 37% of the amount over $768,700

Married Filing Separately

If taxable income is over	But not over	Tax is
$0	$12,400	10% of taxable income
$12,400	$50,400	$1,240 plus 12% of the amount over $12,400
$50,400	$105,700	$5,800 plus 22% of the amount over $50,400

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$105,700	$201,775	$17,966 plus 24% of the amount over $105,700
$201,775	$256,225	$41,024 plus 32% of the amount over $201,775
$256,225	$384,350	$58,448 plus 35% of the amount over $256,225
$384,350	No limit	$103,291.75 plus 37% of the amount over $384,350

Head of Household

If taxable income is over	But not over	Tax is
$0	$17,700	10% of taxable income
$17,700	$67,450	$1,770 plus 12% of the amount over $17,700
$67,450	$105,700	$7,740 plus 22% of the amount over $67,450
$105,700	$201,750	$16,155 plus 24% of the amount over $105,700
$201,750	$256,200	$39,207 plus 32% of the amount over $201,750
$256,200	$640,600	$56,631 plus 35% of the amount over $256,200
$640,600	No limit	$191,171 plus 37% of the amount over $640,600

2026 standard deduction

Filing status	Standard deduction
Single or Married Filing Separately	$16,100
Married Filing Jointly or Qualifying Surviving Spouse	$32,200
Head of Household	$24,150

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