

Do you have to file your own taxes?

Question:

I would like to know if you have to set up paying your own taxes etc. as if you were independently employed? I have heard this is true and this is a definite drawback. I adapt quickly and would not mind traveling but I think this would be difficult.

Response:

While travelers are independent and free to roam, they are still employed by travel companies. Therefore, they do not have to file as an independent contractor. Just like many other companies, travel agencies send you your check s and take out money for Uncle Sam.

Taxes for travelers are difficult enough without the added hassle of filing your own estimated taxes. I have run across a few companies who only hire independent contractors. In this case, you would have to file quarterly tax estimates and put money aside for the Internal Revenue Service (IRS). However, 99% of travel companies do the work for you.

I tried working for a travel company once as an independent contractor. I am not really sure it was all that beneficial. When the company called me and said they were going back to filing W-2 forms for traveler, I was relieved. At first, working as an independent contractor feels liberating and plentiful. You get all that money up front, but then tax time comes and you better have money in the bank to pay your good old Uncle Sam.

My advice is to establish a permanent residence and travel, travel, travel. Forget about filing your own taxes until the end of the year when everyone must do the dreadful deed. Then, find a good accountant and reap the benefits of being a traveler. As if being a traveler wasn't beneficial enough in itself.