Dr. Friday.

TAX & FINANCIAL FIRM, INC.

QUICK CHECKLIST

Do I Have to Report Cash Income? 10-Minute Checklist

A 10-Minute Checklist for Cash, Apps, Tips, Side Jobs, and Under-the-Table Payments

Getting paid in cash can feel informal, but informal does not automatically mean tax-free. The IRS generally cares about whether you earned the money, not whether the payment came by cash, check, payment app, direct deposit, cryptocurrency, or another method.

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TAX YEAR & ADVICE NOTICE

Tax laws and IRS guidance can change and may differ by tax year. This guide provides general educational information, not personalized tax advice. Confirm the rules and deadlines for the tax year of your return, and consult a qualified tax professional about your situation.

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This checklist helps you decide whether a payment may need to be reported, what records to save, and when the situation is too risky to guess.

> **Key Takeaway:** If you earned money for work, services, sales, side jobs, tips, or business activity, assume it may be taxable until you can clearly explain why it is not.

Dr. Friday Free Resource

Cash Income Reporting Quick Check

Payment method does not decide whether money is taxable.

1. **Was it earned?**
   Work, services, tips, side jobs, sales, or business activity usually count.
2. **Was there a form?**
   No 1099 does not mean no income.
3. **Was it personal?**
   Separate gifts, loans, reimbursements, and personal transfers.
4. **Can you prove it?**
   Save calendars, messages, deposits, invoices, and app records.
5. **Is it mixed?**
   Do not blend business and personal cash without notes.

Small win: write down what came in, why it came in, and where the proof lives.

Cash Income Reporting Quick Check infographic for Dr. Friday resource guide.

Educational only. Check rules for your return's tax year.

Quick Answer

Cash income is usually taxable when it is payment for work, services, goods, tips, side jobs, self-employment, or business activity.

The payment method does not decide whether income is taxable. A cash payment, Venmo payment, Cash App payment, PayPal payment, check, direct deposit, or cryptocurrency payment can all be taxable if the money was earned.

Who This Checklist Is For

Use this checklist if you:

- [ ] Get paid in cash for side work or self-employment.
- [ ] Receive tips.
- [ ] Use payment apps for business or services.
- [ ] Sell products, perform repairs, babysit, clean houses, do lawn care, consult, drive, deliver, or freelance.
- [ ] Did not receive a Form 1099 and are unsure whether the income still counts.
- [ ] Have mixed personal and business cash in the same account or wallet.

The Simple Rule

If someone paid you because you did work, provided a service, sold something as part of a business, or earned tips, the payment usually needs to be included in your tax records.

> **Plain-English Rule:** No tax form does not mean no taxable income. You may still need to report income even if nobody sends you a 1099.

Educational only. Check rules for your return's tax year.

Cash Income Quick Check

Answer these questions for each payment.

- [ ] Did I receive this money because I did work or provided a service?
- [ ] Was it connected to a business, side job, gig, or regular way I earn money?
- [ ] Was it a tip from a customer?
- [ ] Was it paid through cash, check, payment app, card processor, cryptocurrency, or direct deposit?
- [ ] Did I invoice the customer, make an appointment, deliver a product, or complete a job?
- [ ] Did I deposit the money, spend it, or keep it outside the bank?
- [ ] Do I have any record showing who paid me, when, and why?
- [ ] Did I receive a Form 1099, W-2, receipt, app report, bank deposit, or other income record?
- [ ] Did I have expenses connected to earning this income?
- [ ] Could the IRS, a bank, an app, a customer, or a business record show this payment existed?

If you checked one or more boxes, save the record and include the payment in your tax organization folder.

Educational only. Check rules for your return's tax year.

Common Examples

Payment example	Usually report it?	First record to save
Cash for repairs, cleaning, lawn care, babysitting, or consulting	Yes, if paid for services	Job log, receipt, invoice, or calendar
Tips from customers	Usually yes	Daily tip log or employer tip record
Payment app transfer for business work	Usually yes	App transaction report
Check from a customer	Usually yes	Check copy, invoice, or deposit record
Cryptocurrency received for services	Usually yes	Transaction record and value on receipt date
Gift from a family member	Usually not income to the recipient	Note showing it was a gift, not payment for work
Garage sale of personal items sold for less than cost	Usually not taxable gain	Item list and original cost if available

Watch Out: Calling a payment a gift does not make it a gift if the money was really paid for work, services, or business activity.

Educational only. Check rules for your return's tax year.

What To Save First

Create one simple folder for the year. Save:

- Daily or weekly cash log.
- Receipt book or invoice copies.
- Payment app reports.
- Bank deposit records.
- Customer names or job descriptions.
- Calendar or appointment records.
- Mileage logs.
- Business expense receipts.
- Form 1099-K, 1099-NEC, 1099-MISC, W-2, or other tax forms.
- Notes explaining any money that was a gift, reimbursement, loan, or personal transfer.

Recordkeeping Note: The best time to record cash income is when you receive it. Waiting until tax time makes mistakes much easier.

Mistakes To Avoid

- Thinking cash is not taxable because it was never deposited.
- Reporting only the income shown on tax forms.
- Mixing business and personal payment app transfers without notes.
- Estimating cash income from memory.
- Ignoring tips.
- Treating payment for services as a gift.
- Forgetting that expenses need records too.
- Waiting until an IRS notice or audit to organize income.

Educational only. Check rules for your return's tax year.

When To Stop and Get Professional Help

Consider getting qualified help if:

- You have several months or years of unreported cash income.
- You received an IRS or state notice.
- You are not sure whether income belongs on Schedule C, wages, tips, or another part of the return.
- You received payment app reports that do not match your own records.
- You mixed personal and business transfers.
- You have large cash deposits with poor records.
- You may owe self-employment tax or estimated tax.
- You need to correct a prior return.

> **Ask Before Guessing:** Cash income questions can affect income tax, self-employment tax, penalties, and future IRS notices. Get help when the records are incomplete or the amount is not small.

Public IRS Resources

- IRS Publication 525, Taxable and Nontaxable Income: https://www.irs.gov/forms-pubs/about-publication-525
- IRS Gig Economy Tax Center: https://www.irs.gov/businesses/gig-economy-tax-center
- IRS Publication 334, Tax Guide for Small Business: https://www.irs.gov/forms-pubs/about-publication-334
- IRS Topic No. 407, Business Income: https://www.irs.gov/taxtopics/tc407
- IRS Publication 531, Reporting Tip Income: https://www.irs.gov/forms-pubs/about-publication-531

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Public IRS Resources

Educational Disclaimer

This resource is for general educational purposes only and is not personalized tax advice. Tax situations vary. Before acting on information in this guide, consult a qualified tax professional about your specific facts and circumstances.

Next Step: Organize Your Cash Income Records

If this checklist helped you realize you may have reportable cash, app, tip, side-job, or self-employment income, the next step is to organize the year before tax time or before responding to a notice.

The **Cash Income Recordkeeping Workbook** helps you build a simple income log, separate personal transfers from business payments, track tips and payment apps, gather expenses, estimate whether self-employment tax may matter, and prepare cleaner records for a tax professional.

It is a good fit if you:

- Get paid in more than one way.
- Have cash and payment app income mixed together.
- Need a better recordkeeping system before filing.
- Are worried you missed income in a prior year.
- Want to organize your facts before contacting Dr. Friday's office.

For help reviewing cash income, app payments, tips, side-job income, or a related IRS notice, contact Dr. Friday Tax and Financial Firm, Inc.

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Explore the companion workbook

drfriday.com/resources/cash-income/#workbook

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