

INCOME TAX REPORTING FOR JUDGING INCOME

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⇒ **Is judging a hobby or a business?**

- The IRS has developed Fact Sheet 2008-23 that helps explain when an activity is a hobby or a for profit business. Section 183 limits deductions that can be claimed when an activity is not engaged in for profit. Taxpayers may need a clearer understanding of what constitutes an activity engaged in for profit and the tax implications of incorrectly treating hobby activities as activities engaged in for profit. This educational fact sheet provides information for determining if an activity qualifies as an activity engaged in for profit and what limitations apply if the activity was not engaged in for profit.
- profit motive
- income in three out of five consecutive years

⇒ **Forms needed: Schedule C, Schedule SE, Form 1040**

- Schedule C - use to report income and expenses
- Schedule SE - use to calculate self employment tax
- Form 1040 - summary sheet for entire return

⇒ **Recordkeeping:**

- Must have a receipt for expenses.
- If the expense is less than \$75, these small expenses may be logged onto a calendar and no receipt is necessary. Mileage must also be kept on a log.

⇒ **Types of deductions:**

- Dues - NAWGJ, USAG, etc.
- Testing fees
- Publications - *Gymnasts Magazine*, *USAG Code*, Compulsory book, etc.
- Symposiums and clinics
- Uniform cost & uniform upkeep - dry cleaning, alterations
- Supplies - calendar, paper, pens, liquid paper, etc.
- Transportation - air travel, taxi, airport shuttle
- Vehicle Expense - mileage at 53.5¢ or actual expenses
- Meals @ 50% - business lunches or away from home overnight or per diem @ \$46 per day (www.gsa.gov)
- Travel - lodging, dry cleaning, etc.
- Brief case/judging bag
- Printing and Copy expense
- Stationery and postage
- Telephone – toll charges, second line, cell phone charges
- On-line services
- Luggage
- DVD/VCR and supplies
- Cell phone if used for judging
- Computer / Printer / Scanner / iPad (tablet device)
- Home office

⇒ **Pension Plan Possibilities:**

- IRA – traditional or Roth
- SIMPLE IRA
- SEP

⇒ **International Travel:**

- Not more than one week, or time spent for personal reasons is less than 25%, no allocation is required
- Longer than one week, expenses must be allocated between personal and business