

Volume 12 Issue 1

January 27, 2017

JANUARY ISSUE

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Enjoy the rainy days!

**Bizarre Things You Can
Be Taxed On**

Security Awareness for Taxpayers

The IRS is committed to protecting you from identity theft. You can help them in this effort by taking a few simple steps.

Cyber criminals continue stealing large amounts of personal data outside the tax system. They can use that data to file fraudulent tax returns or commit other crimes while impersonating the victims.

Please consider the following steps to protect yourselves and your data:

Keep Your Computer Secure

- Use security software and make sure it updates automatically; essential tools include using a firewall, virus/malware protection and file encryption for sensitive data.
- Treat your personal information like cash, don't leave it lying around.
- Give personal information only over encrypted websites you know and trust—Look for "https" addresses. The "s" means that it is secure.
- Use strong passwords and protect them.

Continued on next page

Have you considered other events in the past year that you may owe taxes on?

♦ **You Found a Pot of Gold**

You finally found the cache at the end of the rainbow. Or maybe you found a stash of rare baseball cards hidden in the wall of your home during a remodel, or a treasure chest while scuba diving in a shipwreck. Under the same regulation that applies to the baseball, "the treasure trove rule", that windfall is taxable to you the first year that you find it. Sadly, this means that you may be forced to sell all or part of your find even if you wanted to keep it.

♦ **You Set Up a 'GoFundMe' Campaign**

This is one of those tricky gray areas. If you start a crowdfunding benefit for someone in need, the donations should be considered personal gifts. But if the gifts run into the large numbers, the crowd funding site may file a 1099, reporting the transaction to the IRS. A word to the wise: If you are setting up a crowdfunding campaign for a needy friend, "make sure it's in their name" so you don't end up wondering if you have to pay taxes on money you handed over to them. And consult an accountant before going down this route.

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What Our Clients Say About Us

“Marcia is extremely patient and helpful. She and her team make doing taxes a simple and easy process. Thanks for everything. –AW

Security Awareness for Taxpayers ...*continued from page 1*

Avoid Phishing and Malware

- Backup your files.
- Avoid phishing e-mails, texts or calls that appear to be from the IRS, tax companies and other well known business; instead go directly to their web-sites.
- Don't open attachments in emails unless you know who sent it and what it is.
- Download and install software only from web-sites you know and trust.
- Talk to your family about safe computing practices.

Protect Personal Information

Don't routinely carry your social security card or documents with your SSN. Do not overshare personal information on social media. Information about past addresses, a new car, a new home and your children help identity thieves pose as you. Keep old tax returns and tax records under lock and key or encrypted, if electronic. Shred tax documents before trashing.

Watch out for IRS impersonators. The IRS will not call you with threats of jail or lawsuits. The IRS will not send you an unsolicited e-mail suggesting you have a refund or that you need to update your account. The IRS will not request any sensitive information online. These are all scams, and they are persistent and change frequently.

Source: irs.gov

Contact Marcia if you have any questions. †

Bizarre Things You Can Be Taxed On ...*continued from page 1*

◆ You Airbnb'd Your Pad

Just like regular rent payments, money you earn by hosting Airbnb guests is counted as part of your gross income. The exception; you don't have to pay if you live in the home and rent it out for two weeks or less per year.

◆ You Got Your Social Security Check

It may seem nonsensical that the government pays people and then collects tax money on those payments, but that's how it goes. However, Supplemental Security Income (SSI), or disability benefits, are not taxable.

◆ You Divorced

Alimony you receive from your ex is taxable income, but child support payments are not. For this reason, it's important to know how payments are categorized in your divorce settlement.

◆ You Spun the Wheel of Fortune

It's simple enough to pay the tax if you win a cash prize, but if you win a car or vacation, you still owe tax on its value—which can be tough to pay if you didn't also win cash. Because of this, it's often wise to take the cash equivalent of a prize if offered.

◆ Your Bitcoins Doubled in Value

Bitcoin is a virtual currency that is represented by computer code, but it can be used to buy real goods and services. So of course, the IRS considers gains in this or any other virtual currency taxable. It's considered a capital asset like stocks and bonds, so if you buy Bitcoins low and sell them high, the difference is your profit. But it can be even more complicated than that: If you create new Bitcoins by mining, you have to count those as income, too.

◆ You Had a Yard Sale

Most yard sale transactions are not income producers. But, you have to report your profits if you sell stuff at a profit on a regular basis.

Source: wisebread.com

Please contact our office for more information. †