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*March Issue*

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**Tax Tips about Hobbies that Earn Income**

**Fun Activities for Senior Citizens**

Millions of people enjoy hobbies. Hobbies can also be a source of income. Some of these types of hobbies include stamp or coin collecting, craft making and horse breeding. You must report any income you get from a hobby on your tax return. How you report the income from hobbies is different from how you report income from a business.

♦ **Business versus Hobby**

There are nine factors to consider to determine if you are conducting business or participating in a hobby. Make sure to base your decision on all the facts and circumstances of your situation. Refer to Publication 535, Business Expenses, to learn more. You can also visit IRS.gov and type “Hobby Income” in the search box.

♦ **Allowable Hobby Deductions**

You may be able to deduct ordinary and necessary hobby expenses. An ordinary expense is one that is common and accepted for the activity. A necessary expense is one that is helpful or appropriate. See Publication 535 for more on these rules.

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Active seniors know how to keep the good times rolling with activities for the body, mind, and spirit. No one type is more important than another. A full, vibrant, and independent life demands all three. Whether you are a healthy retiree or in need of a little physical, mental, or emotional “tune up,” there are plenty of fun activities to suit your needs.

♦ **Silver Sneakers**

Silver Sneakers is a program that offers Medicare-eligible adults memberships to participating fitness centers. The program encourages healthy living through fitness classes, social gatherings, and seminars on healthy living. Seniors also have access to a program advisor and online support to help address seniors’ unique health needs.

♦ **Walking**

A walk in your neighborhood, at the mall, along the beach or around your favorite park is a great way to start the day.

For variety, combine walking with another activity such as bird watching, a scavenger hunt, or letter-boxing (an outdoor activity that combines hiking and treasure hunting).

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## What Our Clients Say About Us

*"I can tell you I would use Marcia's business in a heartbeat again. They know what they are doing; she will be doing my taxes from now on." -JW*

Tax Tips about Hobbies that Earn Income...*continued from page 1*

### ◆ Limits on Expenses

As a general rule, you can only deduct your hobby expenses up to the amount of your hobby income. If your expenses are more than your income, you have a loss from the hobby. You can't deduct that loss from your other income.

### ◆ How to Deduct Expenses

You must itemize deductions on your tax return in order to deduct hobby expenses. Your costs may fall into three types of expenses. Special rules apply to each type. See Publication 535.

Please contact our office for more information.†

## Sale of Residence—Real Estate Tax Tip

You may qualify to exclude from your income all or part of any gain from the sale of your main home. Your main home is the one in which you live most of the time.

### ◆ Ownership and Use Tests

To claim the exclusion, you must meet the ownership and use tests. This means that during the 5-year period ending on the date of the sale, you must have:

- ◆ Owned the home for at least two years (the ownership test)
- ◆ Lived in the home as your main home for at least two years (the use test)

Source: irs.gov

Please contact our office for more information.†

Fun activities for Senior Citizens...*continued from page 1*

### ◆ Biking

Many communities are building bikeways along abandoned inter-urban railway lines. Your local or county parks department can provide you with bike path locations and even maps, or you can look at the TrailLinks website or the rails-to-trails conservancy website for paths near you.

### ◆ Sports

You can join a senior league or play with your friends at the local park or the rec center. Your choice of sports is limited only by your physical condition and interest. A few of the possibilities include: Golf, Tennis, Croquet, Badminton, or Softball.

### ◆ Dancing

Dancing is a great aerobic exercise. Options include ballroom dancing, tap, folk dancing and much more. If ballroom or tap isn't your thing, but you still love dancing, try Zumba Gold. Zumba's high-energy Latin-inspired dance workout, and the Gold variety was designed with seniors in mind. You can find these classes at gyms, community centers, and dance schools.

### ◆ Hobbies

Why not consider adding a hobby that you never had the time to develop before? Some ideas can include: Sewing/quilting, Arts and crafts, Jewelry making, Scrapbooking, Photography, Raised bed gardening, and Gourmet cooking.

### ◆ Music

Music nourishes the brain. A study found that seniors who played musical instruments performed better on cognitive tests than those who did not play an instrument.

### ◆ Volunteering

There are thousands of charities and civic organizations crying out for helping hands. People, like you, with valued experience and time to make changes happen are always in need.

Source: seniors.lovetoknow.com/

Please contact our office for more information.†