***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

**Record Keeping**

•Must have a receipt for expenses - A Credit Card receipt is ***not*** a valid receipt - If an expense is charged, you must keep the actual receipt as well.

•If the expense is less than $75, these small expenses may be logged into a calendar and no receipt is necessary

•Mileage must also be kept on a log - each event listed separately

•Mileage at $0.56 or actual expense - odometer readings are allowed, mapquest is accepted but you may actually be driving more miles than what mapquest lists.

•You must deduct 30 miles - IRS does not allow RT work mileage deductions. If you have a home office (a separate area of your home), you can claim the 30 miles because you are leaving from your office, not your home. If you leave from home and stop along the way, you can charge mileage from that point to the meet site. If you are paid for your mileage, it is not deductable.

**Types of Deductions -** Anything related to your business is a deduction - Not personal use items

•Dues, NAWGJ, USAG, AAU, etc.

•Publications - *Gymnasts Magazine*, USAG Code, Compulsory Book, iPad Apps, etc.

•Symposiums and Clinics

•Uniform Cost - Items that have the logo are deductible

•Uniform upkeep - dry cleaning, alterations

•Supplies -calendar, paper, pens, liquid paper, etc.

•Transportation - air travel, taxi, airport shuttle

•Vehicle Expense - mileage at $0.56 or actual expense - odometer readings are allowed, mapquest is accepted. You must always deduct 30 miles since mileage to and from work is NOT deductable for the IRS.

•Meals @ 50% - business lunches or away from home overnight - can use the per diem chart for each city or the average per diem($46/day) allowed for the continental US. Either is okay but you must be consistent for the year. Charts are found at [www.IRS.gov](http://www.IRS.gov/) or [www.GSA.gov](http://www.GSA.gov/)

•Travel - lodging, dry cleaning, etc.

•Brief case/Judging bag

•Printing and Copy expense

•Stationery and postage

•Telephone - toll charges, a second land line, cell phone charges

•Online services

•Luggage

•DVD/VCR and supplies

•Cell phone if used for judging

•Computer/Printer/Scanner/iPad or other tablet device (can take % if also for personal use)

•Home Office - Can claim $5/square foot. If a home office is claimed, you must also claim the taxes if the house is later sold.

**Pension Plan Possibilities**

•IRA - Traditional or Roth - Can use income from Schedule C to open one of these.

•Simple IRA

•SEP

**International Travel**

•Not more than one week, or if 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.

**W-9**

•Employers (Meet Directors) can request you complete a W-9 form which is used to report their payments to you to the IRS.

**1099**

•The entire amount paid to you is recorded on the 1099 and sent to the IRS.

•Occasionally, your expenses will be listed separately but it is your job to keep track of them and take the appropriate deductions yourself.