

---

## November 2018 Tax Tips

Helping you to earn more,  
and keep more of what you earn.



**Roberts,  
Ritschke &  
Tyczkowski, Ltd.**  
Certified Public Accountants.

335 First Street • P.O. Box 679  
Neenah, WI 54957-0679  
920.722.2141 • 1.800.926.2093 • Fax: 920.722.8637  
rrt@rrtcpa.com

Forward to a Friend | Contact Us



### **IRS warns businesses of "Tax Transcript" email scam**

The IRS and its Security Summit partners recently warned the public of a surge in fraudulent emails using the lure of "tax transcripts" to trick unwary recipients into downloading malware. In the past few weeks, scammers have sent email from what appears to be "IRS Online." The email includes an attachment labeled "Tax Account Transcript."

This well-known malicious code generally poses as specific banks and financial institutions in its effort to trick people into opening infected documents.

The IRS does not send unsolicited emails to the public, nor does the IRS email sensitive documents, such as tax transcripts. Businesses should instruct employees to not open the email or the attachment, and to instead delete or forward the scam email to [phishing@irs.gov](mailto:phishing@irs.gov).



## **Hustling for Extra Income Don't Forget the Taxman!**

Conduct an online search of the phrase "side hustle" and you will find websites with countless ideas on how you can make some money on the side. The ideas range from carpet cleaning to podcasting. What a lot of these sites fail to inform you, is the tax implications that come from the additional income. Here are five tips to help you stay on top of your side hustle taxes:

**1. Business or hobby?** When reviewing your activity, the first determination made by the IRS is whether the arrangement is a business or a hobby. There are several factors the IRS uses, but the big one is: does the activity make a profit or intend to make a profit? The IRS will presume the activity is a business if a profit is made during at least three of the last five years. Once business versus hobby is determined, differing tax rules will apply. In short, expenses paid for operating a business are tax deductible. Hobby expenses are not.

**2. All income must be reported.** Income from side hustles can come from a variety of sources. Regardless of where the money comes from or how much it is, it needs to be reported on your taxes. If you are working for a company, you will get a 1099 (if you are paid more than \$600) or a W-2.

**3. Keep good records and save receipts.** Being organized and having good records will do two things: ensure accurate tax reporting and provide backup in the event of an audit. Log each receipt of income and each expense. Save copies of receipts in an organized fashion for easy access. There are multiple programs and apps to help with this, but a simple spreadsheet may be all that you need.

**4. Make estimated payments.** If you are running a profitable side business you will owe additional taxes. In addition to income tax, you might owe self-employment tax as well. Federal quarterly estimated tax payments are required if you will owe more than \$1,000 in taxes for the year. Even if you think you will owe less than that, it's a good idea to set a percentage of your income aside to avoid a surprise when you file.

**5. Get professional tax help.** There are many other tax factors that can arise from side income such as business entity selection, sales tax, state taxes and more. Call to set up a time to work through your situation and determine the best course of action moving forward. Knowing you have someone to help with your tax obligations will free you to focus on your extra income generating activity.

Creating a "side hustle" can be fun, rewarding and bring in additional income to help with expenses or add funds for other activities. Just make sure you understand how the income will be taxed to avoid an unwanted surprise. As always, should you have any questions or concerns regarding your situation please feel free to call.

**Current Office Hours:**

Monday - Thursday 8 am - 5 pm

SHARE THIS EMAIL

**Roberts, Ritschke & Tyczkowski,  
Ltd.**

SIGN UP FOR EMAILS

[newsletter@rrtcpa.com](mailto:newsletter@rrtcpa.com)  
<http://rrtcpa.com>

Roberts, Ritschke & Tyczkowski, Ltd., 335 First Street,  
PO Box 679, Neenah, WI 54957-0679

[SafeUnsubscribe™\\_gkuckkahn@rrtcpa.com](mailto:SafeUnsubscribe™_gkuckkahn@rrtcpa.com)

[Forward email](#) | [Update Profile](#) | [About our service provider](#)

Sent by [newsletter@rrtcpa.com](mailto:newsletter@rrtcpa.com) in collaboration with



Try it free today