



SMOKER SMITH

— & ASSOCIATES P.C. —

CERTIFIED PUBLIC ACCOUNTANTS

Volume 5, Issue 1

S S A S C O O P

Summer 2017

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Tax Implications of the “Sharing Economy”

Many taxpayers are taking part in the sharing economy by using an online platform to rent a room or house, provide rides to others, provide household chores, and may other services. By using advancements in technology, individuals and groups are arranging transactions that generate revenue from assets they own, or services they provide. This new and emerging area of business is known as the “sharing economy”.

Whether renting out a home to others using Airbnb or driving a car for Uber, the money earned is generally taxable. Here are a few key points on the sharing economy:

Tax implications and questions related to this area can be complex. Please do not hesitate to contact our tax professionals!

Taxes. It doesn't matter whether it is only a part-time or sideline activity, if cash payments are received the activity is taxable. Information returns in the form of a 1099-MISC, 1099-K Payment Card Transaction, W-2, or another type of an income statement may or may not be received.

Deductions. These may be available depending on what is provided that could reduce the taxable income received. For example, the taxpayer may qualify to claim the standard mileage rate (currently 53 ½ cents per mile).

Rentals. Special rules apply to those renting out their home if they also live in it during the year. Other types of taxes may also apply depending on location of the house. (State sales tax, hotel tax, city tax, etc.)

Tax Payments. Taxpayers involved in the sharing economy may make estimated tax payments to cover tax on their self-employment activity, or they may elect to have more tax withheld if an employee. Income from self-employment is taxable for individual income tax as well as self-employment tax (Social Security & Medicare tax).

With tax legislation looming in the future, we will be here to assist you with any changes to your withholding.

It May Be Time for a Change to Your Federal Tax Withholding

From time to time, it may be necessary to adjust your federal tax withholding. When your tax situation changes due to factors such as retirement, marriage, divorce, birth of a child, lump sum distributions, or tax legislation, you may have too little or too much federal tax withheld.

Most employees are aware of Form W-4, Employee's Withholding Allowance Certificate, used for federal tax withholding on wages. Federal tax withholding may also be requested

or changed by filling out Form W-4P for withholding on pensions. Voluntary withholding may be requested by using Form W-4V for withholding from federal government payments, such as Social Security and Unemployment.

Summer Tax Planning

Since most taxpayers have completed their 2016 tax returns, the focus moves to tax planning for 2017 and beyond. We don't know if tax reform will occur by year end so, at this point, we will focus on the tax law as we know it for 2017.

It is still important to plan for retirement. Review your traditional and Roth IRA accounts and 401(k) plans. Your portfolio gains are still sheltered inside a retirement account. The amount contributed to your company's 401(k), 403(b), and Simple plans are still pretax contributions deducted from your wages. If you are turning 70 ½ during 2017, you will be required to begin withdrawing funds from your traditional IRA's and 401(k) plans.

If you are carrying a large capital loss, it may be time to consider selling assets to offset the capital loss with capital gain. These questions and many more will still require tax planning before year end. Now is the time to prepare for the tax consequence. Contact our office to begin your tax planning process, and learn how to minimize your upcoming tax liability.

2017 Key Planning Figures	
Social Security Wage Limit	\$ 127,200
Employee Elective Deferrals	
401(k), 403(b), 457 <i>(Catch-up \$6,000)</i>	\$ 18,000
SIMPLE <i>(Catch-up \$3,000)</i>	\$ 12,500
IRA Contribution Limit <i>(Catch-up \$1,000)</i>	\$ 5,500
Standard Mileage Rate	
Business	53½¢
Medical/Moving	17¢
Charitable	14¢
Qualified Section 179 Deduction <i>(Threshold \$2,300,000)</i>	\$ 510,000
Bonus Depreciation	50%



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Payroll Deadlines	
2nd Quarter Payroll Reports	July 31st
Extended Due Dates	
Individual & Corporate estimated payments	September 15th
Partnership, S-Corp & C-Corp with December Year-end	September 15th
Individual	October 15th
Trust & Estate with December Year-end	September 30th
Calendar Year 990's	November 15th

Beware of Scams!

Although tax season might be over, scammers don't take a break. The latest scamming trick involves a caller who claims to be from the IRS informing the victim of two certified letters that have been mailed to them but both returned as undeliverable. The victim is then threatened with arrest and payment is demanded. The IRS will never ask for payment, threaten arrest, or ask for credit or debit card numbers over the phone, email, text message or social media. If you are ever in doubt about a suspicious message claiming to be from the IRS, please give us a call before you take any action!

The "SSA SCOOP" carries no official authority and its contents should not be acted upon without professional advice. Any federal tax advice in this mail and any attached documents is not intended or written to be used, and cannot be used, (1) for the purpose of avoiding federal tax penalties or (2) promoting, marketing or recommending any transaction discussed in this communication to another person unless we expressly indicate otherwise.