

Yard Sale Season



Summer is a great time for cleaning out the house and setting up a garage sale. But have you ever wondered if you need to pay taxes on the income you earn from selling your used stuff? Typically, since the items sell for far less than what you paid for them, the transaction is tax-free. As long as this is a once or twice a year event—and not a set-up at a farmer's market or flea market on a regular basis—then you don't need to worry about profits and losses, sales tax or self-employment tax.

Rent Out Your Home Tax-Free!

Do you live near a lake or a popular festival that draws the attention of out-of-towners? Many local residents like to head out of town when a local festival or event draws in the tourists. If you're one of them, you might be able to rent your house for a few days and earn some tax-free income.

Taxpayers who own their personal residence and rent it for less than 15 days during the year receive tax-free rental income. To qualify for this tax-free treatment, you must rent out your home for 14 days or less and personally use the home for 15 days or more.

You are not allowed to deduct any rental-related expenses; however, you are allowed to deduct your mortgage interest and personal property taxes as usual on Schedule A for the entire year.

Hire Your Children for the Summer

Hiring your children to work for you during the summer can result in payroll tax benefits for your company. If your children are under the age of 18, you are not required to withhold social security and Medicare taxes from their wages. You are also not required to pay federal unemployment taxes on their wages until they reach 21.

Only self-employed business owners can take advantage of this benefit. Partnerships are included in this category as long as the parents are the only partners. If your business is incorporated, your children are considered employees of the corporation, and are subject to the normal payroll taxes regardless of their age.

Did You Know?



The "dog days of summer" refers to the weeks between July 3 and August 11. They are named after the Dog Star (Sirius) in the constellation of Canis Major.

Quote Corner

"Do what we can, summer will have its flies."

~Ralph Waldo Emerson