



Tax Alerts

SUMMER OFFICE HOURS

The office will be open Monday thru Thursday 8:00am – 4:00pm and Friday 8:00 a.m. - noon.

Please call 586-254-2010 prior to coming into the office. ♦

Holiday Schedule

Our office will be closed on Thursday, July 4th and Friday, July 5th in observance of the upcoming holiday. Regular office hours will resume on Monday, July 8th. We hope you have a wonderful 4th of July! ♦



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Hobby or business: What people need to know if they have a side hustle

Hobbies and businesses are treated differently when it comes to filing taxes. The biggest difference between the two is that businesses operate to make a profit while hobbies are for pleasure or recreation.

Whether someone is having fun with a hobby or running a business, if they are paid through payment apps for goods and services during the year, they may receive an IRS Form 1099-K for those transactions. These payments are taxable income and must be reported on federal tax returns.

There are a few other things people should consider when deciding whether their project is a hobby or business. No single thing is the deciding factor. Taxpayers should review all the factors to make a good decision.

How to decide if it's a hobby or business:

These questions can help decide whether you have a hobby or business:

- Does the time and effort you put into the activity show you intend to make a profit?
- Does the activity make a profit in some years, and if so, how much profit does it make?
- Can they expect to make a future profit from the appreciation of the assets used in the activity?
- Do you depend on income from the activity for your livelihood?
- Are any losses due to circumstances beyond your control or are the losses normal for the startup phase of this type of business?
- Do you change your methods of operations to improve profitability?
- Do you carry out the activity in a businesslike manner and keep complete and accurate books and records?
- Do you and your advisors have the knowledge needed to carry out the activity as a successful business?

Whether you have a hobby or run a business, good recordkeeping throughout the year will help when you file taxes. ♦

And the Executor Is...

U.S. Supreme Court Justice Warren Burger is famous for more than just his time on the bench. When he died in 1995, he left a 176-word *Will* that gave no specific power to his executors. As a result, he reportedly cost his estate tens of thousands of dollars in attorney's fees.¹

Judge Burger's case shows that even law-savvy individuals can make mistakes when it comes to writing their own legal documents. But giving executors the proper power is only one piece of the puzzle. How do you choose an executor? Can anyone be an executor? What makes an individual a good choice?

Many people choose a spouse, sibling, child, or close friend as executor. In most cases, the job is fairly straightforward. Still, you might give special consideration to someone who is well organized and capable of handling financial matters. Someone who is respected by your heirs and a good communicator also may help make the process run smoothly.

Above all, an executor should be someone trustworthy since this person will have a legal responsibility to manage your money, pay your debts (including taxes), and distribute your assets to your beneficiaries as stated in your *Will*.

If your estate is large or you anticipate a significant amount of court time for your executor, you might think of naming a bank, lawyer, or financial professional. These individuals will typically charge a fee, which would be paid by the estate. In some families, singling out one child or sibling as executor could be construed as favoritism, so naming an outside party may be a good alternative.

Whenever possible, choose an executor who lives near you. Court appearances, property issues, even checking mail can be simplified by proximity. Also, some states place additional restrictions on executors who live out of state, so check the laws where you live.

Whomever you choose, discuss your decision with that person. Make sure the individual understands and accepts the obligation – and knows where you keep important records. Because the person may pre-decease you – or have a change of heart about executing your wishes – it's always a good idea to name one or two alternative executors.

The period following the death of a loved one is a stressful time and can be confusing for family members. Choosing the right executor can help ensure that the distribution of your assets may be done efficiently and with as little upheaval as possible.

For assistance with financial and investment planning, contact:

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QuickBooks Corner- QuickBooks Shortcuts

Customize your QuickBooks Window

Each accountant has a separate set of operations to perform on QuickBooks daily. For instance, someone might have to create invoices more and someone less – it completely depends upon your client's requirements. Your QuickBooks should be customized to your needs. Some of the common customizations that you should definitely try are:

To Remove an Icon - Click on View >Customize Icon Bar> Select the icon you want to remove and click Delete.

If you have any questions, please call our office. ♦