



## CORNY'S CORNER

### *Pulling Uncle Sam's Teeth But Not His Leg*

*Corny Galdones, December 2009*

Two illusive figures can't be evaded in life, Uncle Sam and the Grim Reaper. One taxes us to death, whereas the other one to us and Texas is death. Once the shrouded one draped in black takes us for our final ride, who cares? Our fate no longer is in our hands. That's not true with being taken for a ride by the bearded one clad in red, white and blue. We have the power to limit Uncle Sam's bite in our officiating income. Use it! Doing so is conducive, not elusive.

The U.S. Internal Revenue Service regards volleyball officials as self-employed independent contractors. We answer to others yet by law we're our own boss. At the end of a calendar year, businesses from whom we earned \$600 or more must issue us an IRS form 1099 (Miscellaneous Income) reflecting our nonemployee compensation total which they also relay to the IRS. Fooling the Feds is dicey. Report this income on our annual Federal income tax return, form 1040. Take full advantage of all applicable tax deductions by itemizing them on the supplement IRS form Schedule C (Profit or Loss From Business) with a 711210 business code. Add form 4562 (Depreciation and Amortization) for PCs and total car mileage. Schedule C-EZ (Net Profit From Business) is a scaled down version. For a net income of \$400 or more on either C schedule, Schedule SE (Self-Employment Tax) is needed. Here, anyone with at least a \$1,050 net income and not vested in Social Security earns credits for future program benefits.

Most unreimbursed expenses related to our officiating can be included in offsetting our earnings. Document these expenses. Note who, what, where, when and why on each bill or receipt. In a logbook, record the starting and ending odometer readings for each business trip by car. Mileage rates for vehicles plus per diem rates of meals and lodging for localities may be accessed at [www.usa.gov](http://www.usa.gov) under "For Government Employees." Track on a spreadsheet every financial activity connected in any way with our work, keeping details for each entry current of the five W's, expenses by type, income pending and income paid. This file produces totals in a hurry for April 15 and serves as backup proof in case the IRS radar flags us. Surefire red alerts are a net income loss two years in a row and a home office. Good luck upon being summoned.

What can we deduct? Basically, was the transaction a part of conducting business? If its funds came from no one else, some or all of it might be a potential write-off. Among many to think about are plane fare, car rental, gas, tolls, parking fees, cab fare, meals, lodging and maid tips for travel more than a day; car mileage; auto upkeep or lease; AAA; officiating gear; uniform; dry cleaning; organization dues; convention; meeting; training; CDs; trade magazine; manual; computer; flash drive; Internet access; printer; paper; toner; phone; calls; voice mail; ringtone; fax; scanner; planner; whiteboard; notepad; pen; golf or dinner with associate; IRA; bank service; accountant; lawyer; mail box; mailing and copying. Does each item qualify? It depends. Conditions vary between taxpayers. To make informed decisions, visit [www.irs.gov](http://www.irs.gov) for Publications 17 (Your Federal Income Tax), 463 (Travel, Entertainment, Gift And Car Expenses), 529 (Miscellaneous Deductions), 535 (Business Expenses) and 560 (Retirement Plans for Small Business). Sorry to say, IRS gobbledygook on which and how much of these tax breaks are allowed may send heads spinning because what's in black and white is often gray when interpreted. If need be, a tax professional or tax preparation software such as TaxCut or TurboTax can walk us through the possibilities. Even better, either form of aid is deductible.

There's no escape from taxes except death. Wise up! Give Uncle Sam his due but no more than what he's due if we can help it. And we can.

(This article was coordinated with a senior tax consultant. It would be wise to double-check with your tax preparer or adviser to be sure your filing situation isn't different.)