

**ANDALUZ FINANCIAL PLANNING
CERTIFIED FINANCIAL PLANNERS
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June 07, 2019

Ms. Stephanie Jimenez
2509 Blake Road NW
Albuquerque, NM 87110

Dear Ms. Jimenez:

Subject: More Information and Clarification on the Tax Status of eBay Profits

As you in all probability are already aware of, you can use eBay to clean out your closets or eBay can be used to run a small business. You're smart to inquire about your tax liability. Although there is no clear line that separates fun from profit or a hobby from a business. One thing is certain, the IRS taxes all income.

There are a number of factors that help determine whether or not your hobby should or should not be considered a business. To use eBay safely, the following questions should be considered:

1. Do you run the operation in a businesslike manner? Do you keep records? Is your profit and loss tracked? And how about keeping a separate checking account?
2. Do you devote a lot of time and effort to eBay? If you spend eighteen hours a day selling on eBay the IRS would tend to think you're in business.
3. Some people depend on the income from their eBay activities for their livelihood.

Are you selling items for more than they cost you? If you spend \$5 for a Garage Sale vase and sell it for \$50 the IRS would probably consider this a business transaction. All profits are taxable, even for eBay sellers who are just playing around. If you wish to discuss this further please call me at 256-123-1002.

Sincerely,

Angela Bailey
Certified Financial Planner