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Do you have clients who drive for Uber or offer accommodations through Airbnb? They are part of the new “sharing economy.” Technology featuring online platforms and cellphone apps has modernized the age-old concept of sharing goods and services. So some of your clients may drive customers around town or perform household chores for them or even watch their pets while they’re away.

Of course, this can lead to a host of tax-related issues. Recognizing the trend, the IRS recently announced it has posted information on its website that provides guidance to taxpayers and tax practitioners alike (IR-2016-110, 8/22/16).

The IRS has worked in conjunction with the National Taxpayer Advocate (NTA), a

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To help taxpayer meet reporting requirements, the Sharing Economy Resource Center offers resources and tips on a wide variety of topics, ranging from filing requirements and making quarterly estimated tax payments to self-employment taxes and special rules for vacation home rentals. In addition, tax-preparation software can be helpful. Consumers are encouraged to contact tax professionals for further assistance.

Notably, the Sharing Economy Resource Center covers the following topics.

**Tax obligations:** Income received is generally taxable whether or not the taxpayer receives a Form 1099, W-2 or some other income statement. This is true if the sharing economy activity is only part-time or a sideline business and even if the recipient is paid in cash.

**Deductions:** On the other hand, depending upon the circumstances, certain business expenses may be deductible. What's more, simplified options may be available. For example, someone who uses a car for business travel may be able to use the standard mileage rate of 54 cents per business mile in 2016.

**Rentals:** Special rules generally apply to the rental of a home, apartment or other dwelling unit used by the taxpayer as a residence during the year. Usually, rental income must be reported in full, expenses have to be divided between personal and business purposes and other deduction limits apply. However, if the dwelling unit is rented out for fewer than 15 days during the year, none of the rental income is reportable, nor can you deduct any rental expenses.

**Estimated tax payments:** The U.S. uses a "pay-as-you-go" tax system. This means that people involved in the sharing economy often must make estimated tax payments during the year to cover their tax obligations. Payments are due on April

15, June 15, September 15 and January 15. [Form 1040-ES](#) is used to figure these

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additional withholding. The online [Withholding Calculator](#) is also a valuable resource.

To visit the Sharing Economy Resource Center, go to

<https://www.irs.gov/businesses/small-businesses-self-employed/sharing-economy-tax-center>.

Technology

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