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The Sharing Economy: It's Mine But You Can Have Some

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BY

Have you ever caught an Uber or Lyft to a business meeting? Or, maybe you booked your last vacation through Airbnb? How about renting an outfit from Rent the Runway for a night out on the town? If you've ever engaged in any of these activities, welcome to the "sharing economy." The sharing economy has seen a massive expansion in recent years and continues to grow, as many consumers realize that having access to goods and services is more valuable to them than actually owning those goods and services. However, as more and more people turn on their cellphones to become taxi cab entrepreneurs or rent their spare bedrooms as amateur innkeepers, many fail to realize the tax implications these activities create. Many in the sharing economy fail to realize that taxable income is being generated and their assets are being utilized for both personal and business purposes, creating unique tax implications. Sharing economy taxpayers can also potentially utilize tax advantages of business deductions such as depreciation, which were not previously available to them for simply driving their car. To help guide taxpayers, and tax professionals, through this relatively new and emerging sector of our economy, the IRS recently launched its [Sharing Economy Tax Center](#). This new resource assists individuals with topics including how to determine whether they are an employee or independent contractor, how much of their property they can be depreciate if it is being utilized in the sharing economy, and the rules for home rentals. The Sharing Economy Tax Center also offers guidance for companies providing services in the sharing economy, particularly with respect to employment tax issues and filing requirements for these companies.

As entrepreneurs and property owners continue to seek ways to maximize the return on their time or underutilized assets and consumers continue to seek the benefits of services or property access without the burdens of property ownership, the sharing economy will likely continue to expand in the future. Understanding both the benefits and burdens of engaging in these activities can be a complex undertaking, but the IRS's new Sharing Economy Tax Center resource is a great starting place for the most common of issues.

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After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at contactSD@schneiderdowns.com.

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