

Sample article for organizations to use to reach customers

Publish/post the following article about the tax responsibilities related to miscellaneous income on your website.

The IRS explains Miscellaneous Income

The IRS says one of the most frequently asked questions from taxpayers is, “What is miscellaneous income?”

Most people are aware they must include wages, salaries, interest, dividends, tips and commissions as income on their tax returns. But what about things such as cash earned from side jobs, barter exchanges of goods or services, awards, prizes, contest winnings and gambling proceeds? These items are included in “miscellaneous income” and should be reported.

In fact, you must report all income from any source and any country unless it is explicitly exempt under the Internal Revenue Code. There may be taxable income from certain transactions even if no money changes hands.

It is a common misconception that if you do not receive a Form 1099-MISC or if the income is under \$600 per payer, the income is not taxable. There is no minimum amount that you may exclude from gross income. Fees received for babysitting, housecleaning and lawn-cutting are all examples of taxable income, even if each client paid you less than \$600 for the year. Someone who repairs computers in their spare time needs to report all money earned as self-employment income even if no one person paid more than \$600 for repairs.

Gambling winnings are fully taxable and must be reported on Form 1040. This includes, among other things, winnings from lotteries, raffles, horse races, poker tournaments and casinos as well as the fair market value of prizes such as cars and trips. Subject to certain exceptions, the cash value of prizes or awards won in a drawing, quiz show program, beauty contest or other event, must be included on your tax return as taxable income. If you barter, the fair market value of goods or services exchanged is taxable and must be reported by both parties on their tax returns.

Download IRS [Publication 525](#), *Taxable and Nontaxable Income*, which discusses the types of reportable income and provides information on how to report these other types of income. You can also watch a new YouTube [video](#) about miscellaneous income and other videos on the IRS’s [YouTube Channel](#).

NOTE TO EDITOR: Below are links to more helpful information on IRS.gov.

- [Publication 525](#), *Taxable and Nontaxable Income*
- YouTube [video](#) about miscellaneous income