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Certified Public Accountants and Advisors  
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## IS YOUR HOBBY A BUSINESS OR IS YOUR BUSINESS A HOBBY?

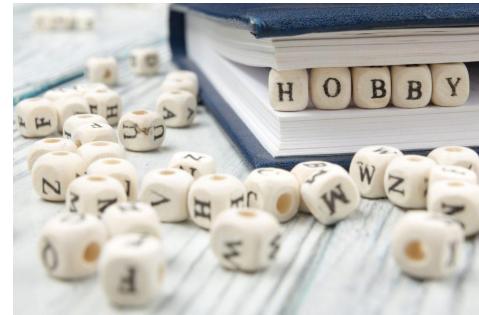
Everyone has hobbies and sometimes those hobbies provide some income. But when does your hobby become a business? Getting the right classification determines how this income is taxed.

### PROFIT BASED

Generally, if you engage in your hobby with the intent to generate profit, then it's a business, not a hobby. And if your hobby is strictly for recreation or personal entertainment, it's not a business. But many other criteria should be considered, including whether you rely on the income for your livelihood and how much time and effort you put in.

### IT'S YOUR HOBBY

You must report all your hobby income on your tax return. However, following the 2017 Tax Cuts and Jobs Act, hobby expenses were eliminated and are no longer deductible on Schedule A as a miscellaneous itemized deduction.



### IT'S YOUR BUSINESS

However, unlike your hobby, if you're operating a business, you can deduct all your business expenses even if it creates a taxable loss. And the upside is that if you generate a loss, it can usually be used to offset other income from things like wages or investment income.



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