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THE TAX LAWYER

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### Five More Tips To Make Your Hobby Tax Deductible

In [Five Tips to Make Your Hobby Tax Deductible](#), I covered five tax tips for deducting your hobby. If you can do it legitimately, transitioning from hobby to business lets taxes subsidize it. Fair warning: it can be tough to convince the IRS and you may have to go to court.

But if you're committed, here are five more tips to help smooth out that bumpy uphill road:



15 year old Regina jumps over an obstacle with her cow Luna in the Bavarian town of Traunstein in southern Germany on March 12, 2011. Regina decided to pursue her hobby of show riding despite not having a horse at her disposal. (Image credit: AFP/Getty Images via @daylife)

**6. Do it full-time.** The IRS is more likely to query writing off a “hobby” against income from your regular job. If you work 40 hours a week in an office and raise chinchillas on the side, does that mean the chinchillas are just a hobby? No, but the IRS is more likely to consider it a business if you do it full-time.

**7. Write a business plan.** The IRS looks for businesslike activity. One of the auditors’ checklist items is a business plan. Write one up and try to look businesslike in all things. See [The ABCs of Hobby Losses and Profit Motive](#).

**8. Hire experts and become one.** The more expert you become and the more you engage others the more businesslike you'll look. If you have advanced degrees or hire consultants to help you grow prize orchids, raise toucans, or race mopeds, it may be easier to convince the IRS.

**9. Don't enjoy it too much.** Do what you love? Maybe, but the IRS thinks personal pleasure is an indication your "business" is a hobby. Don't enjoy it too much. See [When Taxpayers Go Fishing For Deductions](#).

**10. Combine activities.** A stand-alone activity with losses might be combined with a profitable activity. What you call a single activity should be accepted by the IRS unless it's artificial. You can't combine profits from working as a tech consultant with losses from breeding whippets as a single business activity. But a profitable sideline selling handcrafted dog collars and an unprofitable sideline boarding dogs might be combined on a single [Schedule C](#). It could make it easier to show a profit three years out of five.

**Bottom line?** It's good to [keep your business and personal life separate](#), but if you generate income from a pastime consider becoming more businesslike. Just don't turn an activity you love into a daily grind!

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