



UNITED STATES

“The unemployment rate was unchanged, consumer spending fell, and core inflation remained high.

Output declined in Q1. The drop was due to a very large drag from the net exports component.

Consumer purchases grew at a modest pace, with higher spending on services and flat spending on goods. Business spending on equipment picked up.

Real disposable income was unchanged in May. The level was below its trend growth path.

Payroll employment continued to grow at a solid pace ...” – Jul 2022 – U.S. Economy in a Snapshot – NY Fed

AUSTIN

“Austin’s economy continued to grow in May, though at a slower pace. The Austin Business-Cycle Index expanded at a moderated rate, as the unemployment rate ticked down to a new low since the pandemic, but Austin’s employment growth slowed from April’s pace. **COVID-19 hospitalizations increased notably ahead of the Fourth of July weekend.** Permits for new-home construction flattened out in May, while **continued increases in home prices pushed affordability further below the national average.**” – Jul 2022 – Austin Economic Indicators – Dallas Fed

TEXAS

“The Texas economy continued to expand in June. Employment strengthened in most major sectors, led by growth in the information sector. **The Texas Leading Index was flat in June.**

Oil prices increased in July, while the rig count remained the same.

COVID-19 cases were rising due to the highly transmissible BA.5 subvariant.

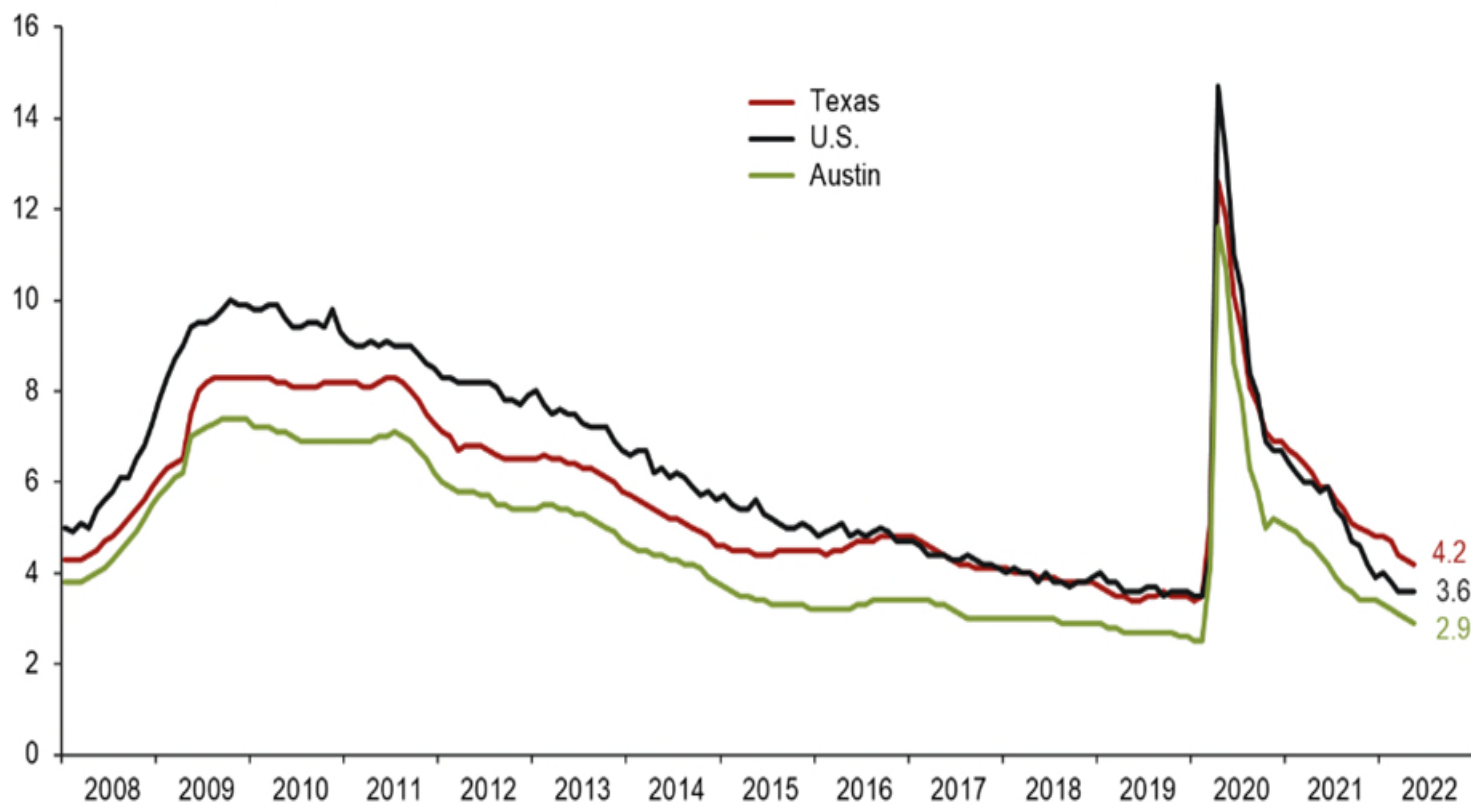
Dining-out levels moderated in July but remained well above comparable 2019 levels.” – Jul 2022 – Texas Economic Indicators – Dallas Fed

JOBS - UNEMPLOYMENT RATES – AUSTIN MSA, TEXAS, U.S.

“Austin’s unemployment rate declined to a revised 2.9 percent in May—a new low since the beginning of the pandemic. This compared with the state’s jobless rate of 4.2 percent and the nation’s rate of 3.6 percent. Growth in the metro labor force rose an annualized 1.6 percent in May, slowing slightly from April’s 1.9 percent. Year to date, the Austin labor force has grown 3.2 percent, slower than the state’s labor force increase of 4.0 percent.” – Jul 2022 – Austin Economic Indicators – Dallas Fed

Unemployment Rate

Percent, seasonally adjusted



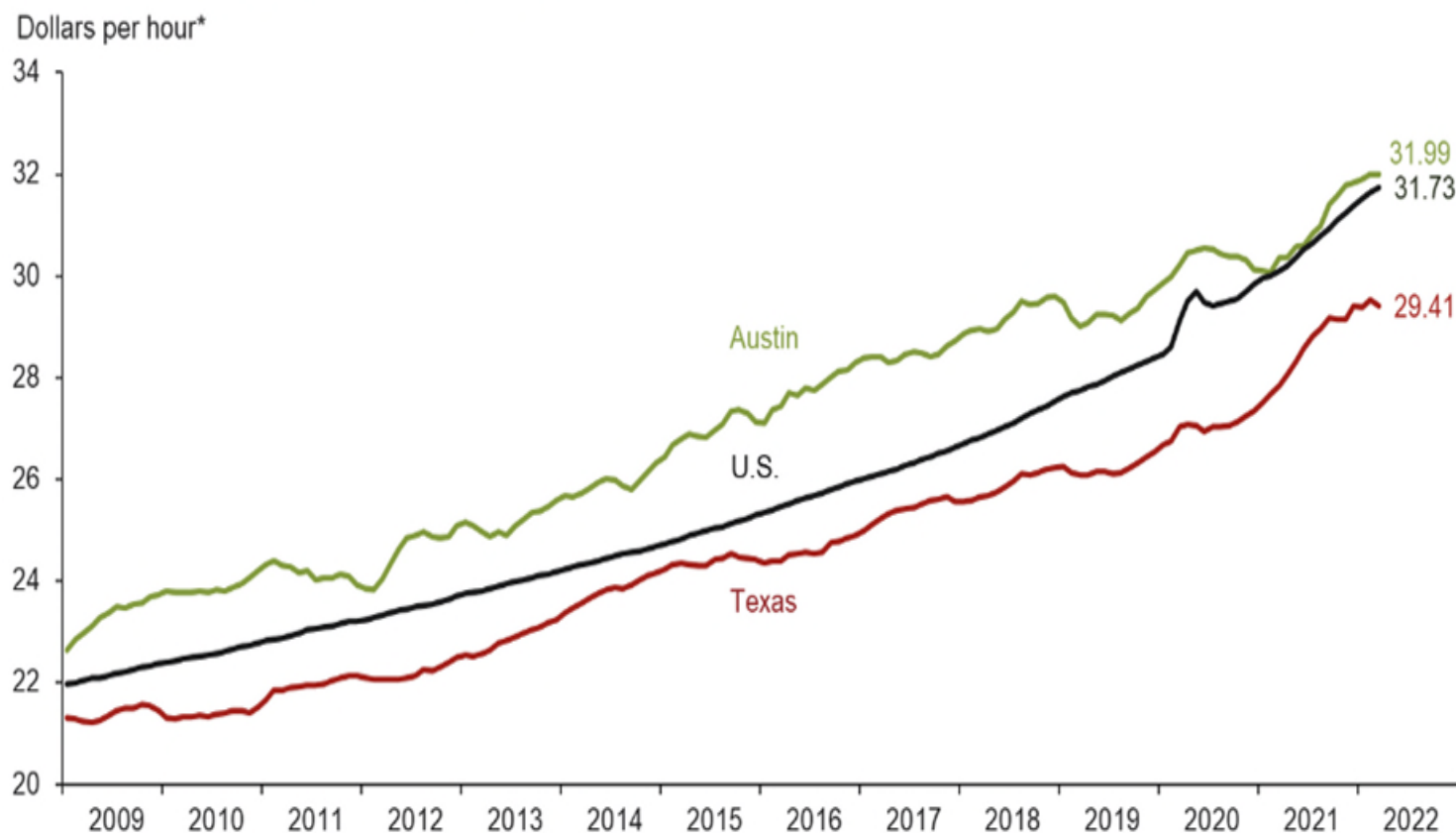
SOURCE: Bureau of Labor Statistics.

Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jul 2022

JOBS – PRIVATE SECTOR AVERAGE HOURLY EARNINGS

“Private sector average hourly wages in Austin moderated in April. **Year-over-year wages increased 4.8 percent in Austin, compared with a 6.2 percent rise in Texas.** The three-month centered moving average of average hourly wages in Austin held roughly flat at \$31.99, slightly higher than the national average of \$31.73 and well above the state average of \$29.41.” – Jun 2022 – Austin Economic Indicators – Dallas Fed

Private Sector Average Hourly Earnings



*Seasonally adjusted, three-month centered moving average.

SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jun 2022

JOBS – INFLATION OUTPACING WAGE GROWTH

“Early in the Covid-19 pandemic, U.S. wage growth accelerated, as weekly earnings jumped more than 7% in April and May of 2020 compared with the same months a year earlier. The gain got a boost from low inflation and fewer expenses, bolstering the finances of Americans who kept their jobs.

Over the past year, wage increases have continued to exceed prepandemic levels, with year-over-year growth topping 4% each month. But those steady gains have been wiped out by high prices. **When taking inflation into account, there hasn’t been a single month with year-over-year earnings growth since March 2021.**” – Jul 2022 – The Wall Street Journal

Weekly earnings, change from a year earlier



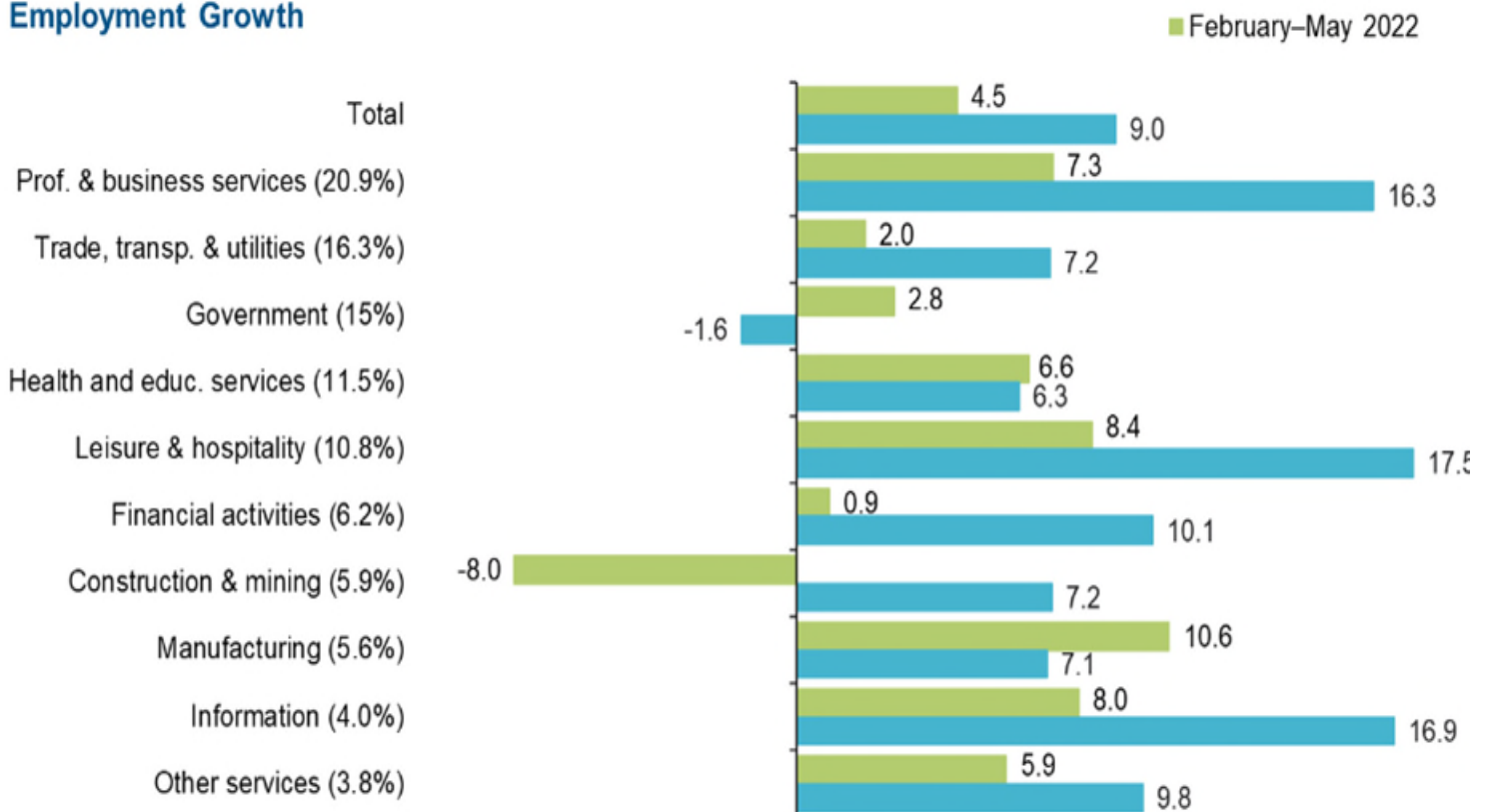
Note: Seasonally adjusted
Source: Labor Department

Provided by The Wall Street Journal –Jul 2022

JOBS – EMPLOYMENT GROWTH RATE – AUSTIN

“Austin employment increased at a 4.5 percent annualized pace, or by 13,600 net jobs, for the three months ending in May. Growth was led by manufacturing (up 10.6 percent, or 1,700 jobs), followed by leisure and hospitality (up 8.4 percent, or 2,600 jobs), and professional and business services (up 7.3 percent, or 4,500 jobs). Construction and mining remained weak, seeing a net decline in employment (down 8.0 percent, or 1,500 jobs). As of May, all major sectors except leisure and hospitality, government and other services were above prepandemic levels, and Austin payrolls overall were 7.7 percent above prepandemic (February 2020) levels.” - Jul 2022 – Austin Economic Indicators – Dallas Fed

Employment Growth



NOTE: Data show seasonally adjusted and annualized percentage employment growth by industry. Numbers in parentheses represent the share of total employment and may not sum to 100 due to rounding.

SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

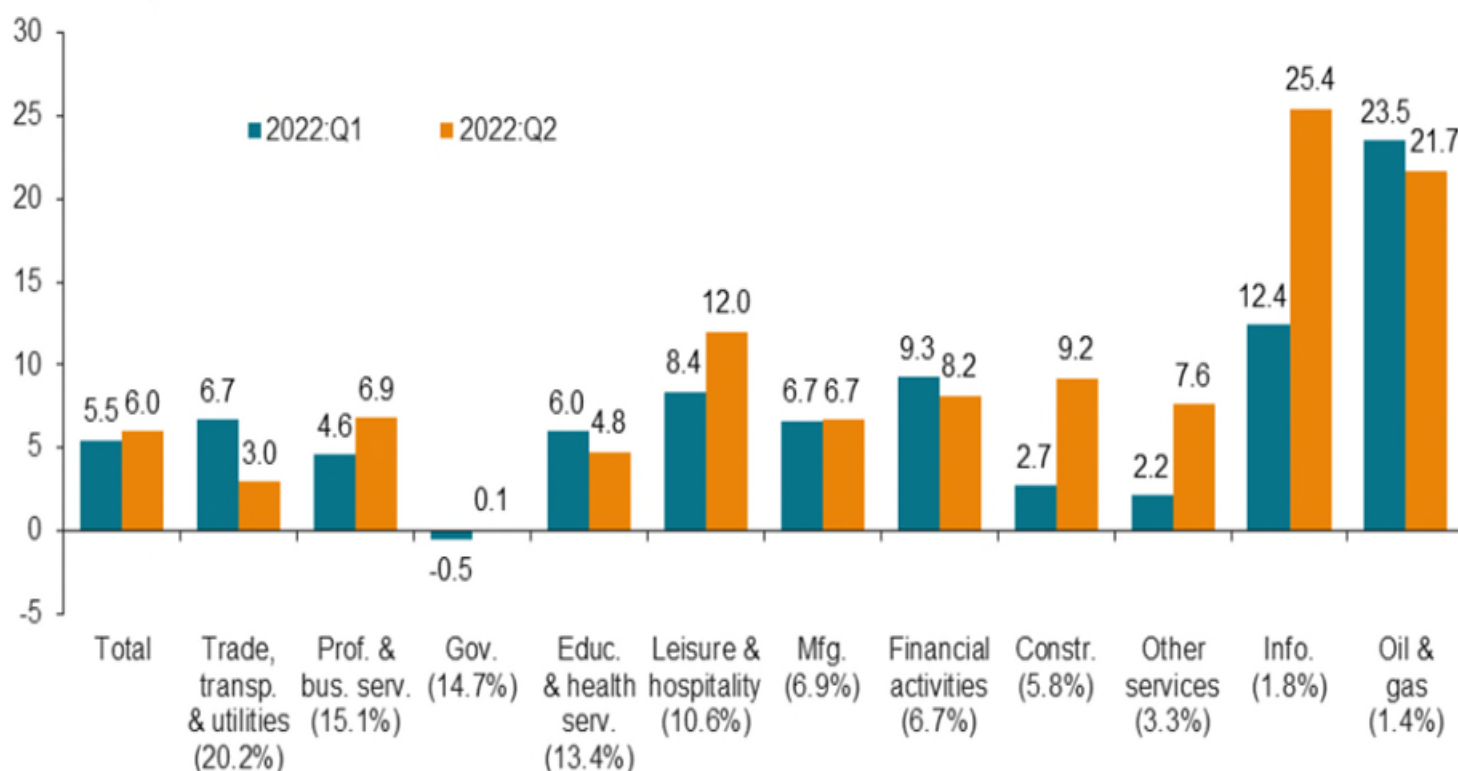
Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jul 2022

JOBS – EMPLOYMENT GROWTH – TEXAS

“Texas employment expanded an annualized 7.3 percent in June. Job growth was an annualized 6.0 percent (194,750 jobs) in the second quarter after rising an upwardly revised 5.5 percent (175,760) in the first quarter. **Second-quarter job growth strengthened in most major sectors, with information services seeing the fastest growth** at an annualized 25.4 percent, followed by oil and gas. The Dallas Fed’s Texas Employment Forecast was revised up to predict 4.5 percent job growth this year (December/December).” – Jul 2022 – Texas Economic Indicators – Dallas Fed

Employment by Sector

Percent change



NOTE: Data show seasonally adjusted and annualized percentage employment growth by industry. Numbers in parentheses represent the share of total employment in June 2022.

SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Provided by Texas Economic Indicators – Dallas Federal Reserve – Texas Economic Indicators – Jul 2022

JOBS – LABOR PARTICIPATION RATE IN THE U.S.

“The labor force participation rate, at 62.2 percent, and the employment-population ratio, at 59.9 percent, were little changed over the month. Both measures remain below their February 2020 values (63.4 percent and 61.2 percent, respectively).

The number of persons employed part time for economic reasons declined by 707,000 to 3.6 million in June and is below its February 2020 level of 4.4 million. These individuals, who would have preferred full-time employment, were working part time because their hours had been reduced or they were unable to find full-time jobs.

The number of persons not in the labor force who currently want a job was essentially unchanged at 5.7 million in June. This measure is above its February 2020 level of 5.0 million. These individuals were not counted as unemployed because they were not actively looking for work during the 4 weeks preceding the survey or were unavailable to take a job.” – Jun 2022 – News Release – Bureau of Labor Statistics

Potential Labor Force Participation



SOURCE: Bureau of Labor Statistics; Congressional Budget Office.

Provided by Federal Reserve of Dallas – U.S. Economy Charts – Jun 2022

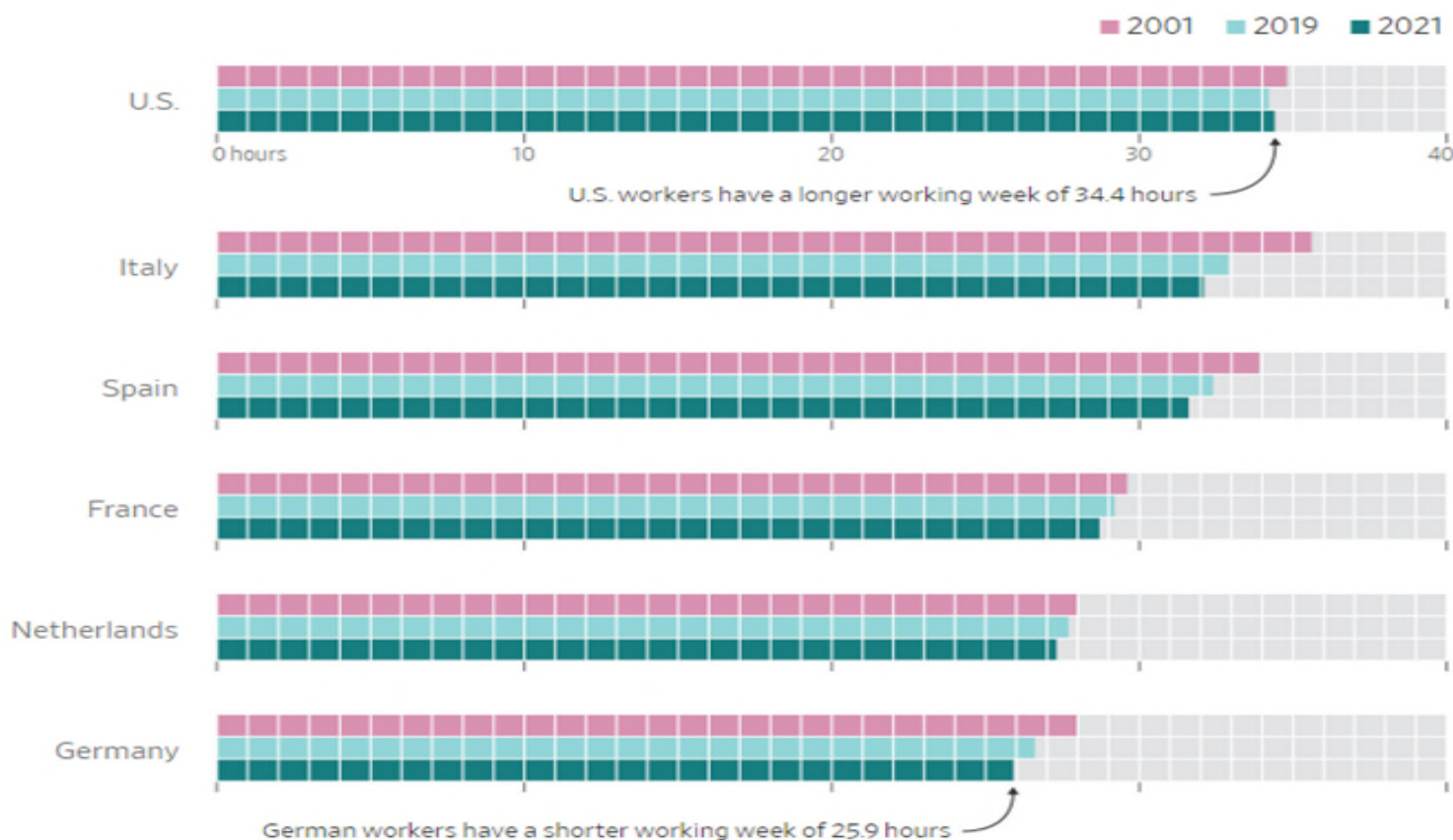
JOBS – AVERAGE U.S. WORK WEEK vs. AVERAGE EUROPEAN WORK WEEK

“European workers have put in fewer hours than Americans for decades. Now, they are working even less than before the pandemic—almost one day a week less than Americans in 2021, according to data for the five biggest European Union economies.” – Jul, 2022 – WSJ

“The average American worker put in 34½ hours a week last year, a figure that has barely changed over the past two decades, according to OECD data that includes full-time and part-time workers.

The average European workweek is several hours shorter than it was 20 years ago. In Germany, the average workweek shrank to 25.9 hours in 2021, from 28 hours in 2001, the OECD data show. In Italy, it declined from 35.6 hours to 32.1 hours over the same period, and in France, from 29.6 hours to 28.7 hours.” – Jul 2022 – WSJ

Average weekly hours worked

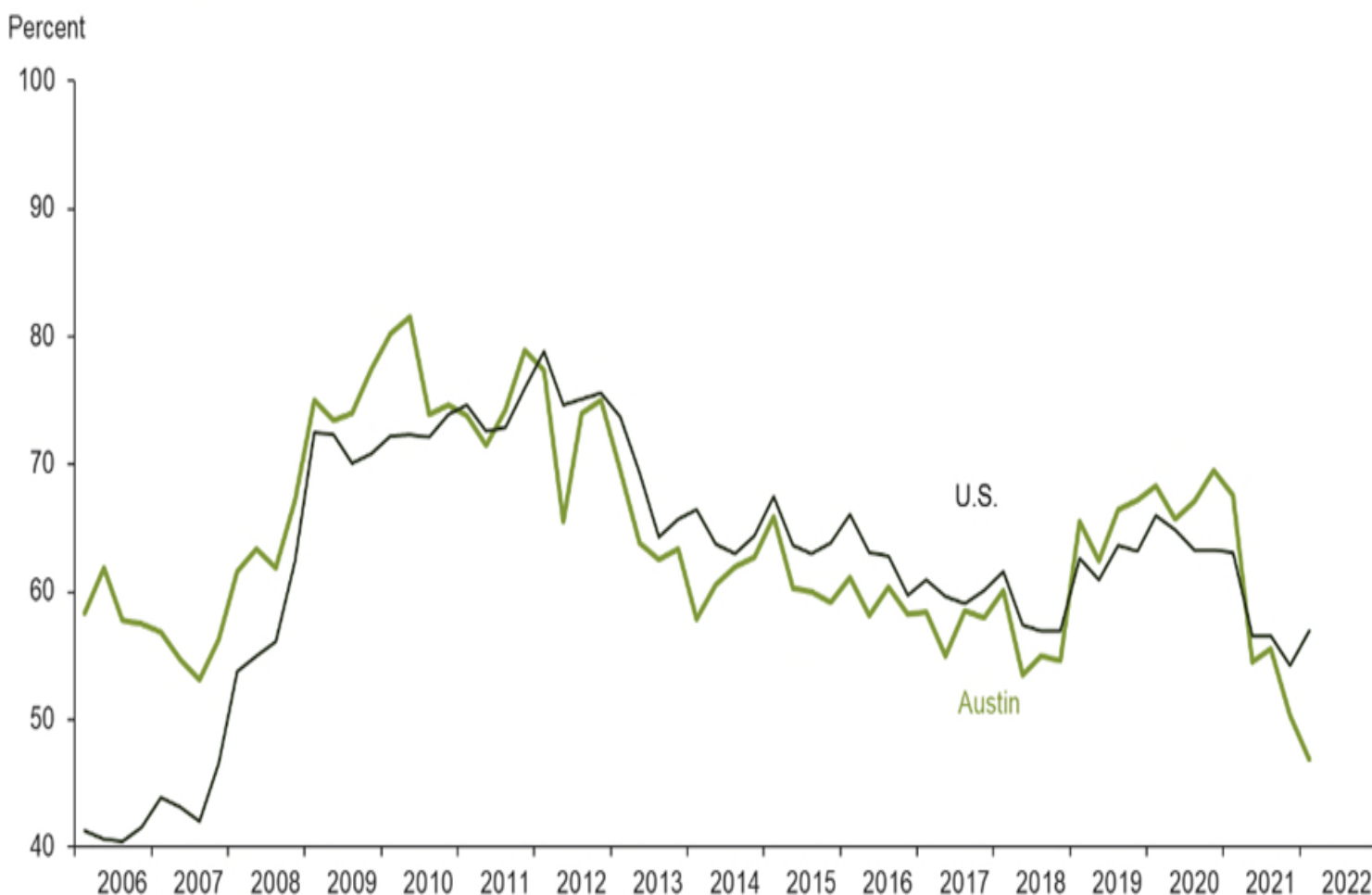


Note: Weekly hours calculated from annual data.
Source: Organization for Economic Cooperation and Development

HOUSING - AFFORDABILITY - AUSTIN

“Home affordability continued to plunge in Austin, as first quarter 2022 data suggest that less than half of homes sold are affordable to the median-income household. This was lower than the national average of 56.9 percent. April showed median home prices reaching a new record of \$529,959 in Austin, nearly 53 percent higher than the state’s median home price.” – Jul 2022 – Austin Economic Indicators – Dallas Fed

Housing Affordability



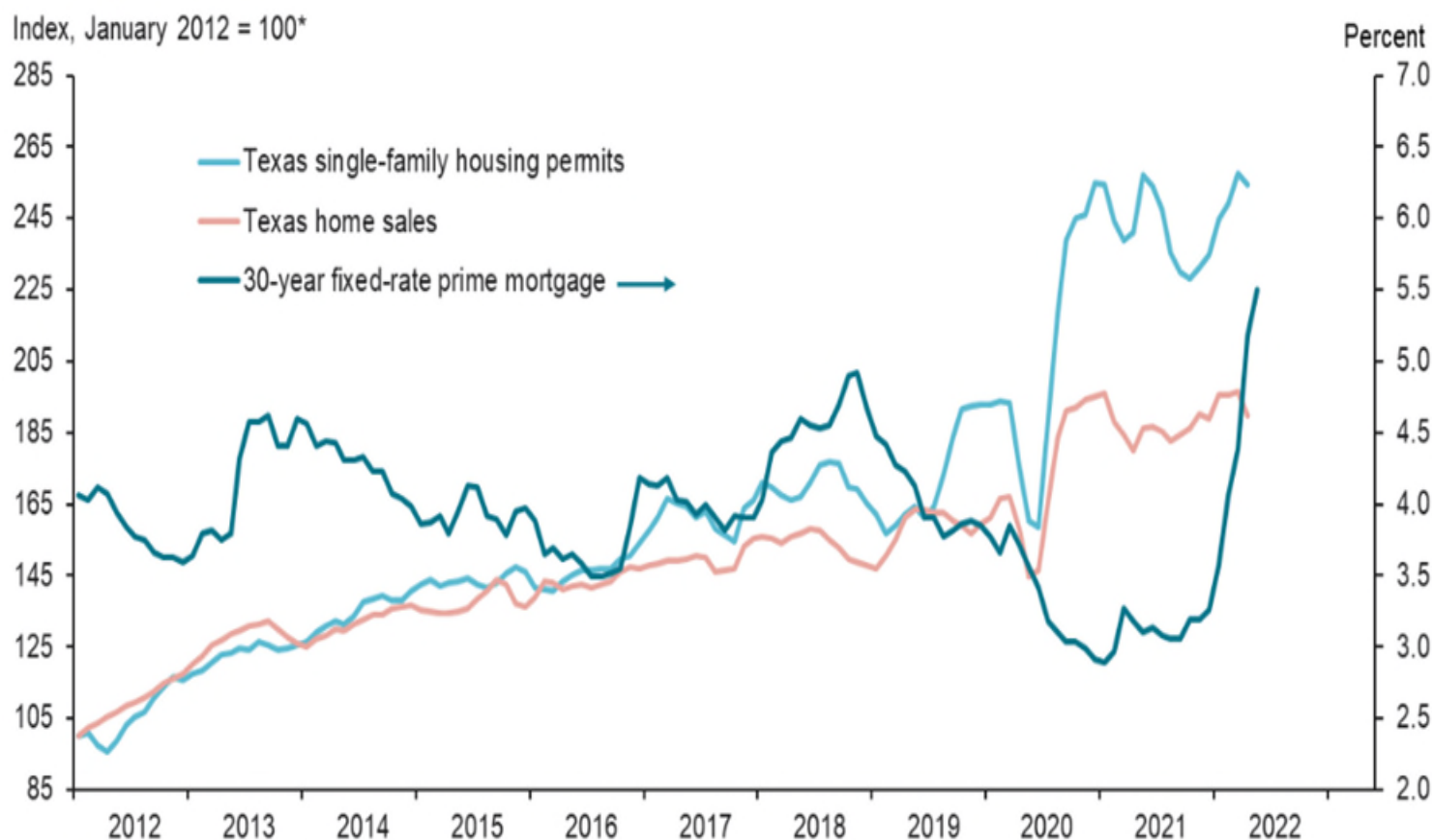
SOURCE: National Association of Home Builders/Wells Fargo.

Provided by Texas Economic Indicators – Dallas Federal Reserve – Austin Economic Indicators – Jul 2022

HOUSING – EXISTING HOME SALES – TEXAS

“Texas existing-home sales were flat in April, and the three-month moving average dipped. Sales totaled nearly 35,000 homes in April, little changed from March’s figure and up 1.1 percent year over year. Rising mortgage rates and record-high prices have slowed home sales. Mortgage rates have increased by more than 200 basis points since the beginning of the year and are at their highest level since January 2009. Meanwhile, single-family housing permits fell 1.1 percent in April.” – Jun 2022 – Texas Economic Indicators – Dallas Fed

Existing-Home Sales



*Seasonally adjusted, three-month moving average.

NOTE: Mortgage data are through May 2022; all other data are through April 2022.

SOURCE: Real Estate Center at Texas A&M University; Multiple Listing Service; Freddie Mac Primary Mortgage Market Survey; Census Bureau.

HOUSING – HOUSING PERMITS – AUSTIN

“Permits for new housing in Austin were roughly flat in May, with the five-month moving average falling 1.2 percent, while statewide permits inched down 0.9 percent. Year to date, Austin housing permits are down 5.7 percent compared with a year ago, while Texas permits are up 7.7 percent. However, this is partly attributable to a moderation after Austin’s significant run-up of nearly 30 percent in 2021 permits.” – Jul 2022 – Austin Economic Indicators – Dallas Fed

Housing Permits

Index, January 2005 = 100*



*Seasonally adjusted; five-month moving average.

SOURCE: Census Bureau.

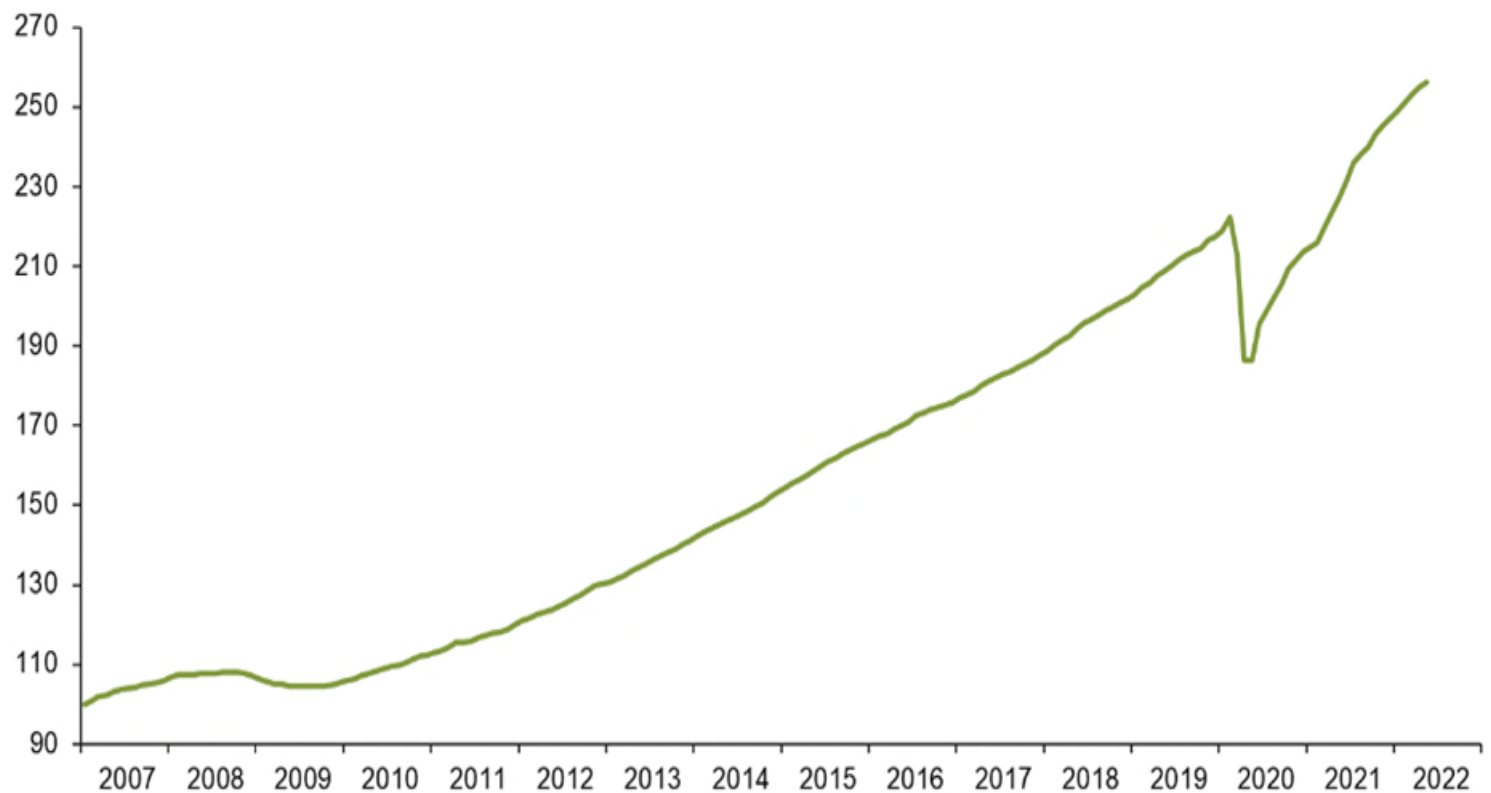
Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jul 2022

BUSINESS CYCLE INDEX – AUSTIN MSA

“The Austin Business-Cycle Index — a broad measure of economic activity—moderated to an annualized 4.9 percent in May, its slowest pace in two years. This follows a revised 9.9 percent growth rate in April.” – Jul 2022 – Austin Economic Indicators – Dallas Fed

Austin Business-Cycle Index

Index, January 2007 = 100



SOURCE: Dallas Fed.

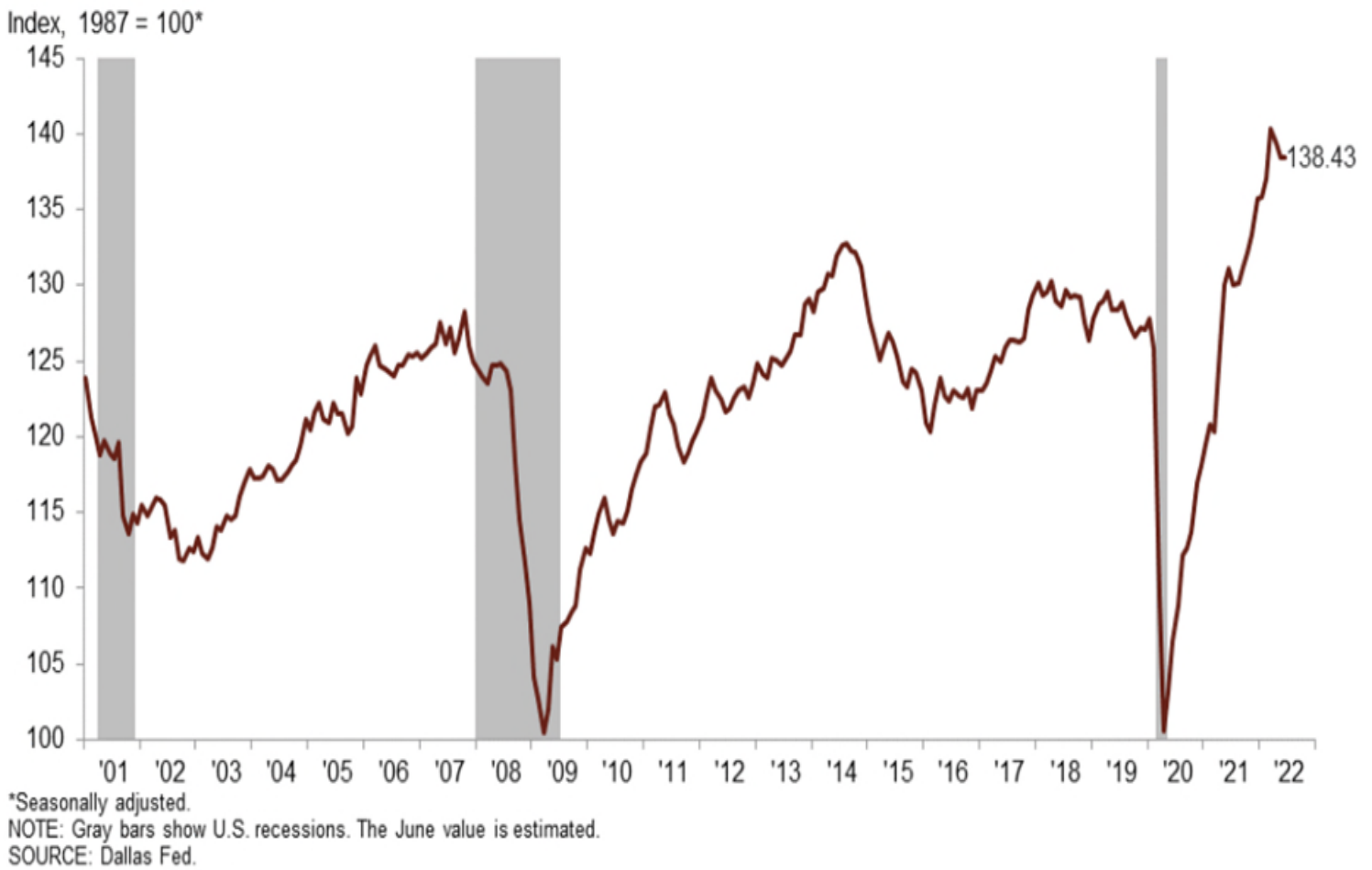
Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jul 2022

Business Cycle Indexes are meant to reflect broad movements in local economic conditions. The Dallas Fed states that “the [local area] indexes are constructed based on the aggregated movements in the local area unemployment rate, nonagricultural employment, inflation-adjusted wages, and inflation-adjusted retail sales. The weights of the components are statistically optimized for each metropolitan area in order to best capture the underlying cyclical movements in the local area economy.”

LEADING INDEX – TEXAS

“**The Texas Leading Index**, a composite of eight leading indicators that sheds light on the future of the state’s economy, was relatively flat at 138.4 in June following two months of decline. However, **the three-month change remained negative**, pulled down by falling stock prices of Texas based firms, a rise in new unemployment claims, a dip in the U.S. leading index and an increase in the Texas value of the dollar, which makes the state’s exports more expensive abroad.” – Jul 2022 – Texas Economic Indicators – Dallas Fed

Texas Leading Index



Provided by Federal Reserve of Dallas – Texas Economic Indicators – Jul 2022

CONSUMER CONFIDENCE AND SENTIMENT – U.S.

“Consumer confidence fell for a second consecutive month in June,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. “While the Present Situation Index was relatively unchanged, **the Expectations Index continued its recent downward trajectory-falling to its lowest point in nearly a decade.** Consumers’ grimmer outlook was driven by increasing concerns about inflation, in particular rising gas and food prices. Expectations have now fallen well below a reading of 80, **suggesting weaker growth in the second half of 2022** as well as growing risk of recession by yearend.” – Jun 2022 – The Confidence Board

“Consumer sentiment continued its downward trend, falling 14.4% in June, according to the University of Michigan Surveys of Consumers. All components of the index fell this month, with the steepest declines in the year-ahead outlook for the economy, down 24% from May, and **consumers’ assessments of their personal financial situation, which worsened about 20%,** said U-M economist Joanne Hsu, director of the surveys.

The June consumer sentiment index reading was an all-time low for the survey, comparable to the trough reached during the 1980 recession. ‘While consumers still appear relatively optimistic about the stability of their incomes, their perceptions of the economy are much more strongly influenced by concerns over inflation,’ Hsu said. ‘As higher prices become harder to avoid, consumers may feel they have no choice but to adjust their spending patterns, whether through substitution of goods or foregoing purchases altogether. The speed and intensity at which these adjustments occur will be critical for the trajectory of the economy.’” – Jun 2022 – Michigan News

Consumer Confidence

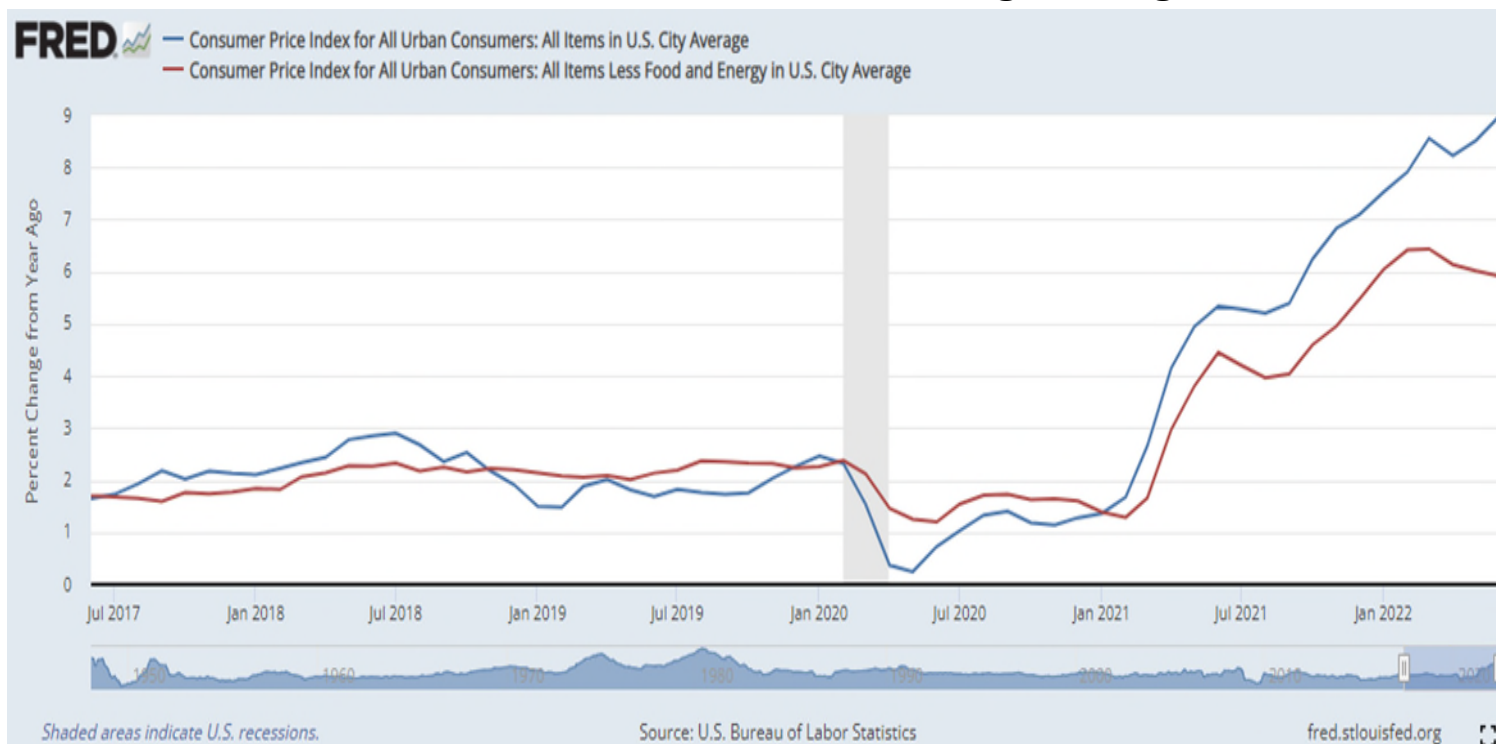


Provided by Federal Reserve of Dallas – U.S. Economy Charts– Jun 2022

CONSUMER PRICE INDEX

“The all items index increased 9.1 percent for the 12 months ending June, the largest 12-month increase since the period ending November 1981. The all items less food and energy index rose 5.9 percent over the last 12 months. The energy index rose 41.6 percent over the last year, the largest 12-month increase since the period ending April 1980. The food index increased 10.4 percent for the 12-months ending June, the largest 12-month increase since the period ending February 1981.” – July 2022 – Economic News Release – Bureau of Labor Statistics

Consumer Price Index - 12 Month Percentage Change



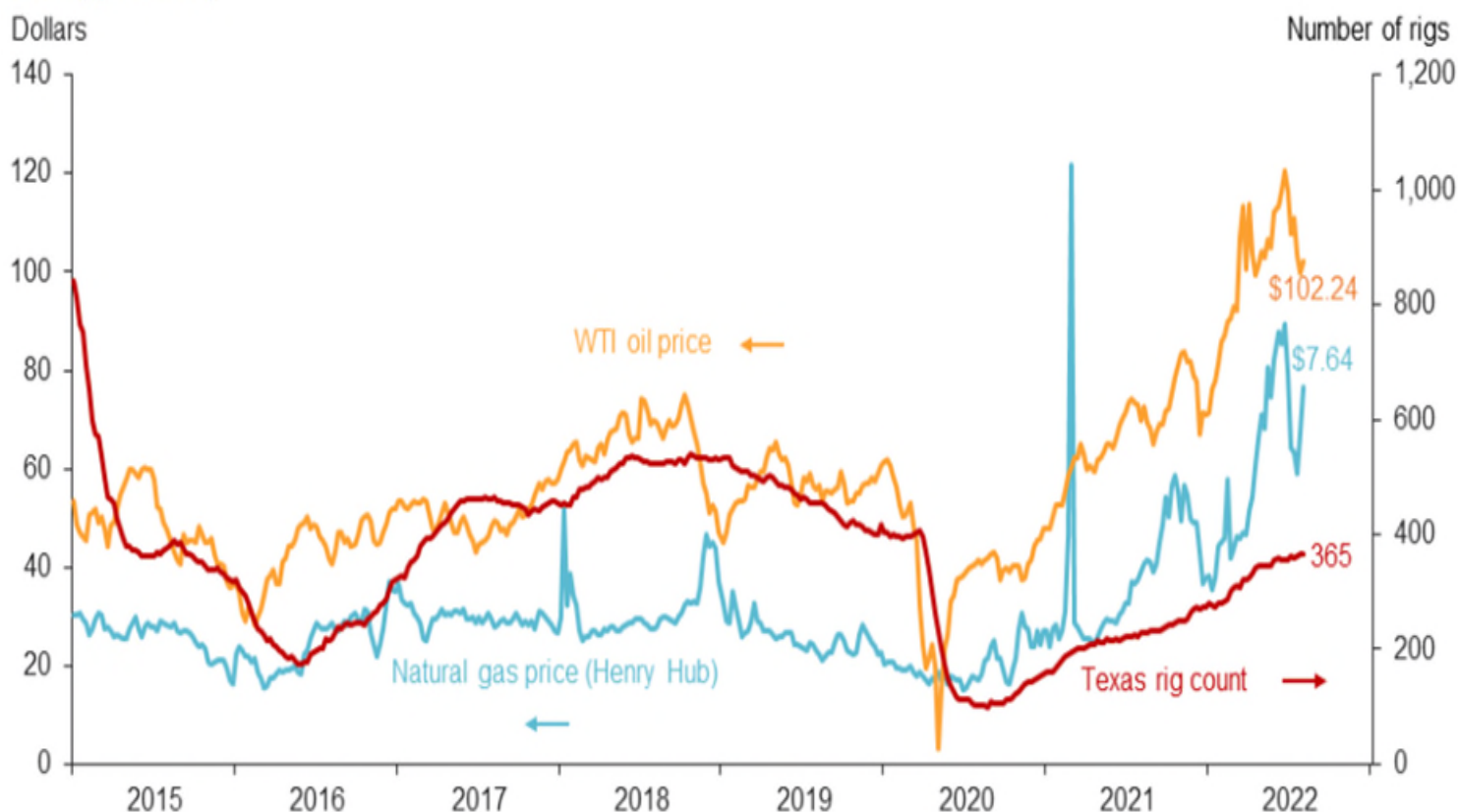
Source: Bureau of Labor Statistics, not seasonally adjusted, 1982-84=100 Provided by the St. Louis Fed

According to the Bureau of Labor Statistics (BLS), “There are a variety of CPI numbers generated each month. In the graph above, two numbers are compared. The first is the **Official CPI Number** that is reported to the media. It is the broadest and most comprehensive CPI and is called the **All Items CPI for All Urban Consumers**. The second one is called the **All items less food and energy**.” The BLS mentions that “Some users of CPI data use this index because food and energy prices are relatively volatile, and these users want to focus on what they perceive to be the ‘core’ or ‘underlying’ rate of inflation.”

OIL AND NATURAL GAS

“After trending downward in recent weeks, oil prices saw a slight uptick and are near the average year-end price forecast reported in the second-quarter Dallas Fed Energy Survey. As of the week ending July 22, the price of West Texas Intermediate crude increased to \$102.24 per barrel, up \$2.32 from the previous week. Natural gas (Henry Hub) prices ticked up 88 cents to \$7.64 per million British thermal units. **The number of active rigs in Texas remained at 365 over the same period, its highest level since late March 2020.**” – Jul 2022 – Texas Economic Indicators – Dallas Fed

Energy Activity



NOTE: Data are through the week ending July 22, 2022. The West Texas Intermediate (WTI) oil price is dollars per barrel; the natural gas price is dollars per million British thermal units, multiplied by 10.

SOURCE: Baker Hughes; Energy Information Administration; Wall Street Journal.

Provided by Federal Reserve of Dallas – Texas Economic Indicators – Jul 2022

TEXAS EXPORTS

“Texas exports expanded 2.0 percent in April. On a smoothed basis, exports to most of Texas’ largest trading partners grew. **Exports to these areas rose: Latin America excluding Mexico (8.2 percent), Europe (8.0 percent), Canada (5.8 percent) and Mexico (3.4 percent).** Exports to China and the rest of Asia fell 6.4 percent and 2.9 percent, respectively. Meanwhile, U.S. exports were up 6.1 percent in April.” – Jun 2022 – Texas Economic Indicators – Dallas Fed

Exports

Index, January 2010 = 100*



*Texas exports are in seasonally adjusted real dollars.

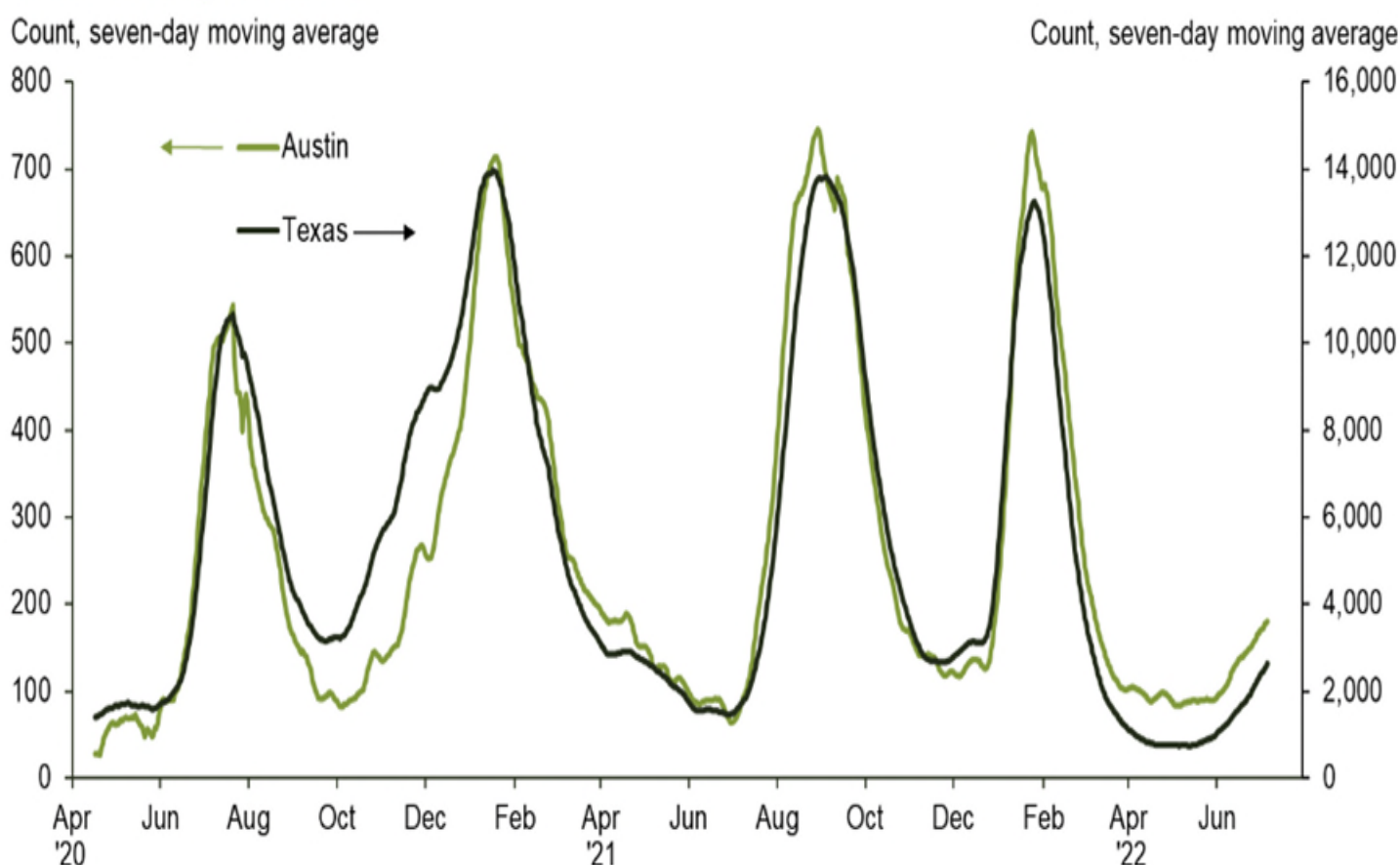
SOURCES: Census Bureau; WISERTrade; Bureau of Labor Statistics; Dallas Fed.

Provided by Federal Reserve of Dallas – Texas Economic Indicators – Jun 2022

COVID-19 HOSPITALIZATIONS – AUSTIN

“The number of people hospitalized with COVID-19 in Austin and Texas saw a notable increase in June. While COVID-19 hospitalizations remain far below their January peak, Austin saw a doubling in the seven-day moving average of hospitalizations between the end of May and early July. As of July 6, 180 people in Austin and 2,641 in the state were hospitalized with COVID-19.” – Jul 2022 – Austin Economic Indicators – Dallas Fed

COVID-19 Hospitalizations



NOTE: Data for Austin refer to the area covered by the Austin Trauma Service Area. Data are daily, seven-day moving averages through July 6, 2022.

SOURCE: Texas Department of State Health Services.

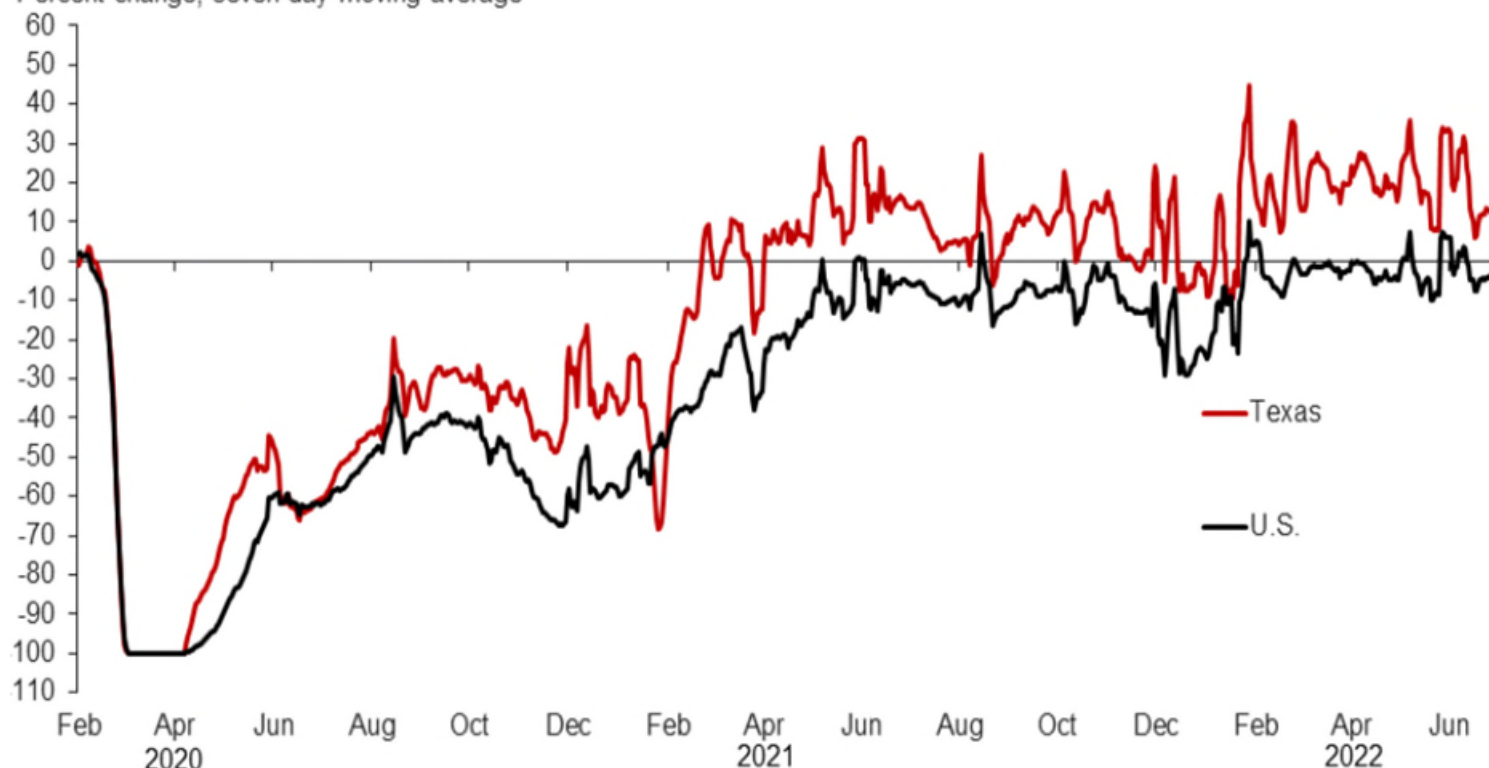
Provided by Federal Reserve of Dallas – Austin Economic Indicators – Jul 2022

DINING OUT

“In July, the number of seated-diner reservations at restaurants remained above 2019 levels in Texas but decreased nationwide, based on a seven-day moving average. The U.S. figure dipped into negative territory in early July, and on July 20, it was 4.1 percent below 2019 levels. The Texas figure eased but remained strong amid rising COVID cases and was 12.3 percent above 2019 levels. As of July 20, **dining out in Austin and San Antonio was 22.6 percent and 13.2 percent above 2019 levels, respectively. In contrast, dining out was down 10.4 percent in Dallas and 1.7 percent in Houston.**” – Mar 2022 – Texas Economic Indicators – Dallas Fed

Dining Out

Percent change, seven-day moving average



NOTE: The chart shows seven-day moving averages through July 20, 2022. Data refer to the percent change in seated diners at restaurants from the corresponding day in 2019 on the OpenTable network across all channels: online reservations, phone reservations and walk-ins.

SOURCE: OpenTable.

Provided by Texas Economic Indicators – Dallas Federal Reserve – Texas Economic Indicators – Jul 2022

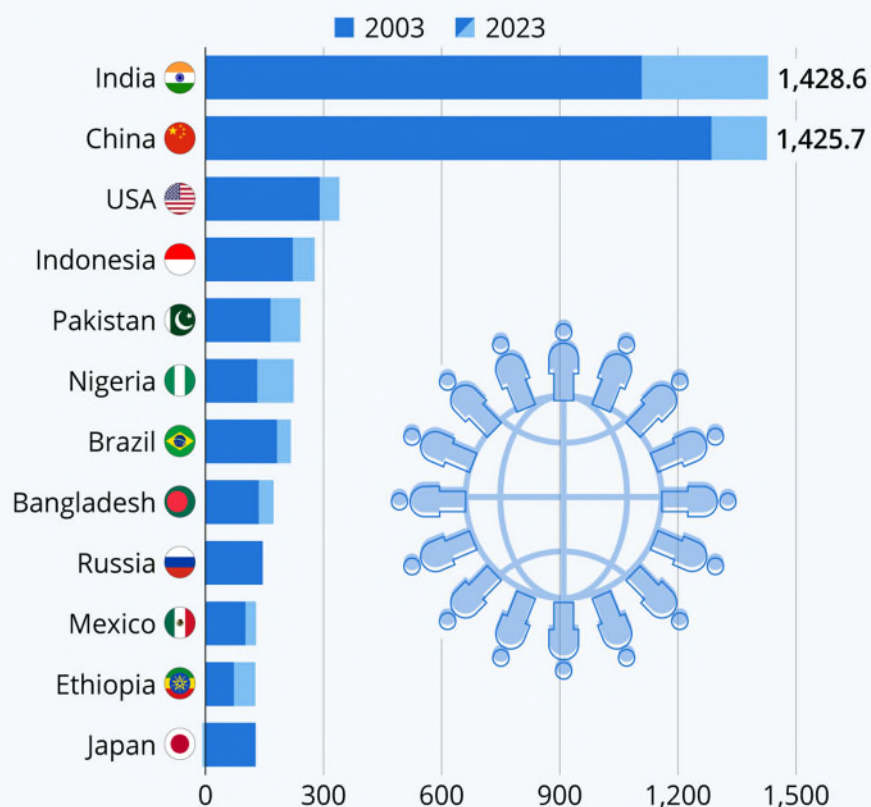
SOMETHING OF INTEREST

“On July 11, 1987, the world population passed the five billion mark and July 11 has been marked by the U.N. as World Population Day since. This year, the organization's Population Division is expecting another milestone as **the world population is expected to climb above eight billion people.**

With population growth rates varying widely - and slowing in many places - **it is highly likely that the eight billionth world citizen will be born in India,** which has retained solid growth. The country is expected to become the most populous nation on Earth by mid-2023. **Population growth in China - currently the biggest country on Earth - has all but stopped,** with the U.N. expecting a population decrease as of July 1, 2022, for the first time in recent history. **A large share of people live in China as well as India, with around 19 percent each of the world population** being residents of the countries.” – July 2022 - Statista

The Most Populous Nations on Earth

Estimated population by country
(in million people) in 2003 and 2023*



* middle future estimate. As of July 1 of respective years.

Source: UN Population Division



IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

NEW RULE

The Congress has made a “a key tax change for 2022 affecting millions of Americans making money through **platforms like eBay, Etsy, Airbnb, Venmo and Uber.**

This change, which is beginning to ripple through e-commerce, tightens the tax reporting on income earned by people selling goods and services through online platforms. Starting this year, the platforms **must send a Form 1099-K to the Internal Revenue Service reporting an individual’s total revenue if platform earnings top \$600.**

Now, **many more sellers, resellers and gig workers than in the past will have their platform earnings reported to the IRS.** The upshot: They may have to pay taxes they haven’t been paying, or else keep complex records showing why they don’t need to.” – Apr 22 - WSJ



Photo: Getty Images Provided by CNBC

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

OLD RULE

Under **the old rule**, “individuals who [sold] goods or services via platforms like Uber, Ebay, Etsy and others that use third-party transaction networks (i.e., PayPal) generally only [received] a tax form if they [engaged] in **at least 200 transactions worth an aggregate \$20,000 or more**. That form, called a 1099-K, also goes to the IRS.” – Mar 2021 – CNBC

WHO WILL BE IMPACTED? AIRBNB OWNERS

“Platforms like eBay, Airbnb, et al. have had to send 1099-K forms to their sellers for years. But **the prior threshold of 200 transactions and \$20,000 of revenue left room for significant tax dodging**. If an owner of a short-term rental earned \$30,000 from 25 rentals in a year, the rental platform didn’t have to send a 1099-K form because the owner had 200 or fewer transactions—even though revenue topped \$20,000.” – Apr 2022 – WSJ



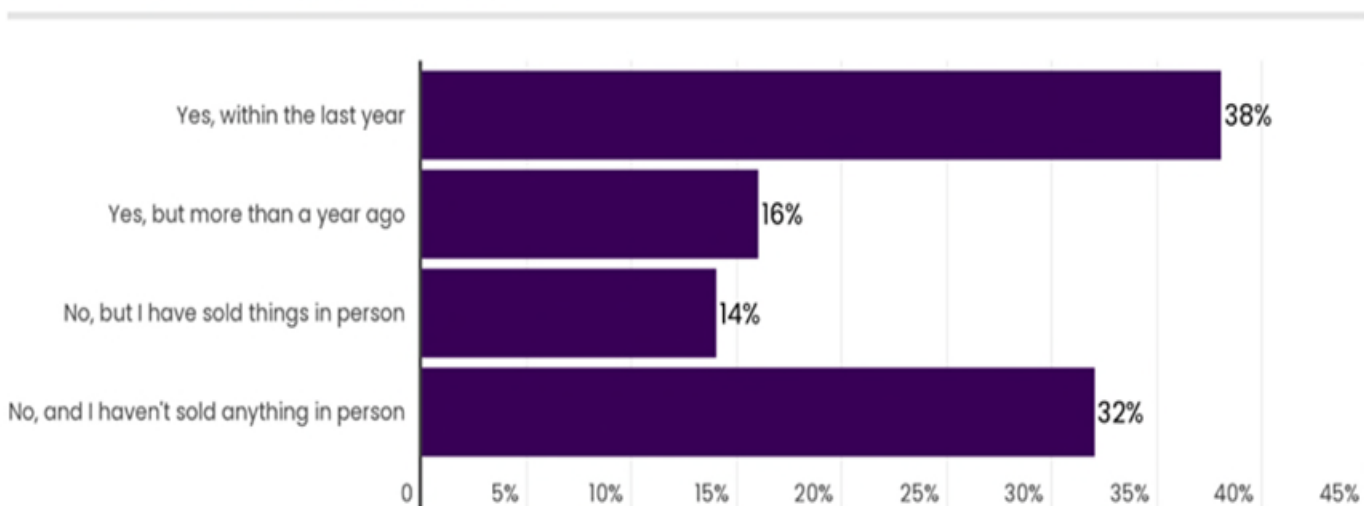
Photo: Airbnb

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

WHO WILL BE IMPACTED? ONLINE SELLERS

“Nearly 40% of Americans have sold something online amid the pandemic, netting an average of \$1,810 total.” – MagnifyMoney survey – Mar 2021 – Lendingtree

“Nearly everyone has at least a few items collecting dust in an attic or storage space that might be worth some money on the secondhand market—your old iPhone, a tool you never opened and forgot to return, a clutch you don't carry anymore, or your grandmother's collection of vintage books, to name a few. Selling these items isn't just about the money, says resale expert Byron Binkley of Sella: You're also preventing them from entering the waste stream, giving someone else the chance to buy an item they might not otherwise be able to afford, and freeing up space in your own home.” – May 2022 – Yahoo.com

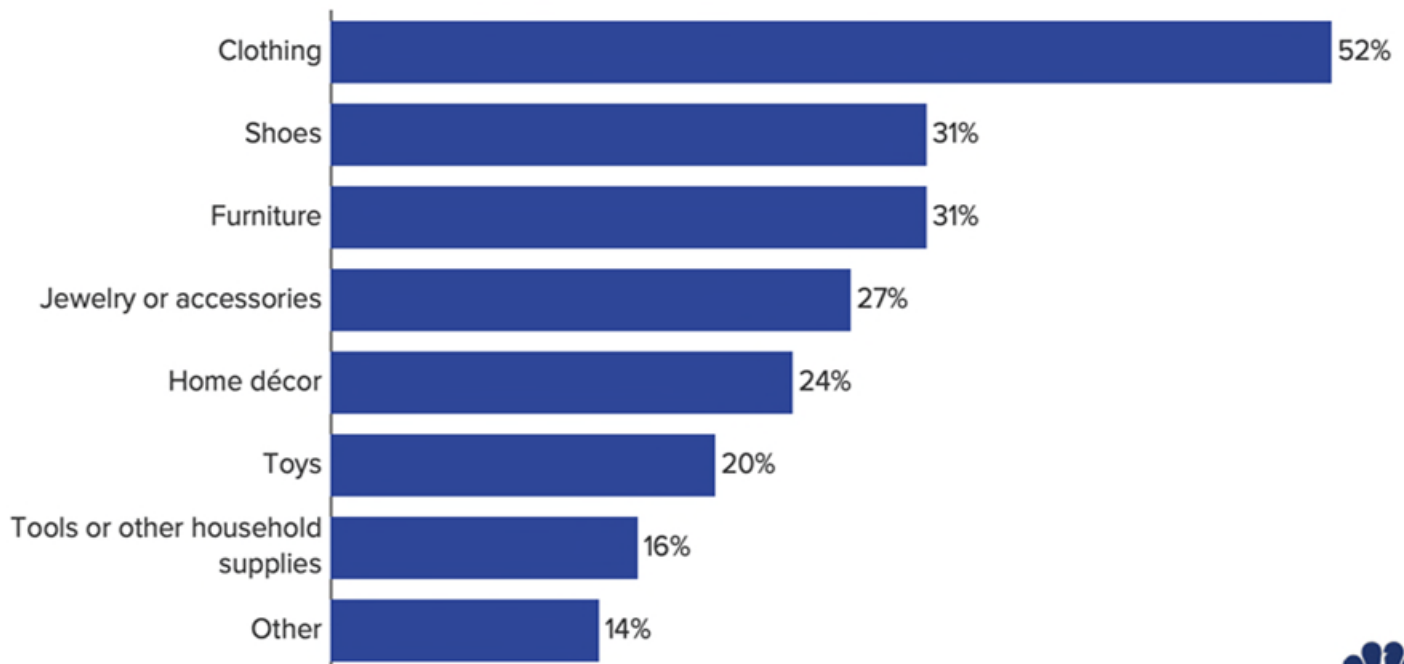
Have you ever sold anything online?

Source: MagnifyMoney survey of 1,013 consumers, conducted Feb. 26-March 1, 2021.

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

What consumers are selling online

Survey of 1,013 consumers conducted Feb. 26-March 1



Source: MagnifyMoney. Respondents allowed to select multiple answers.



IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

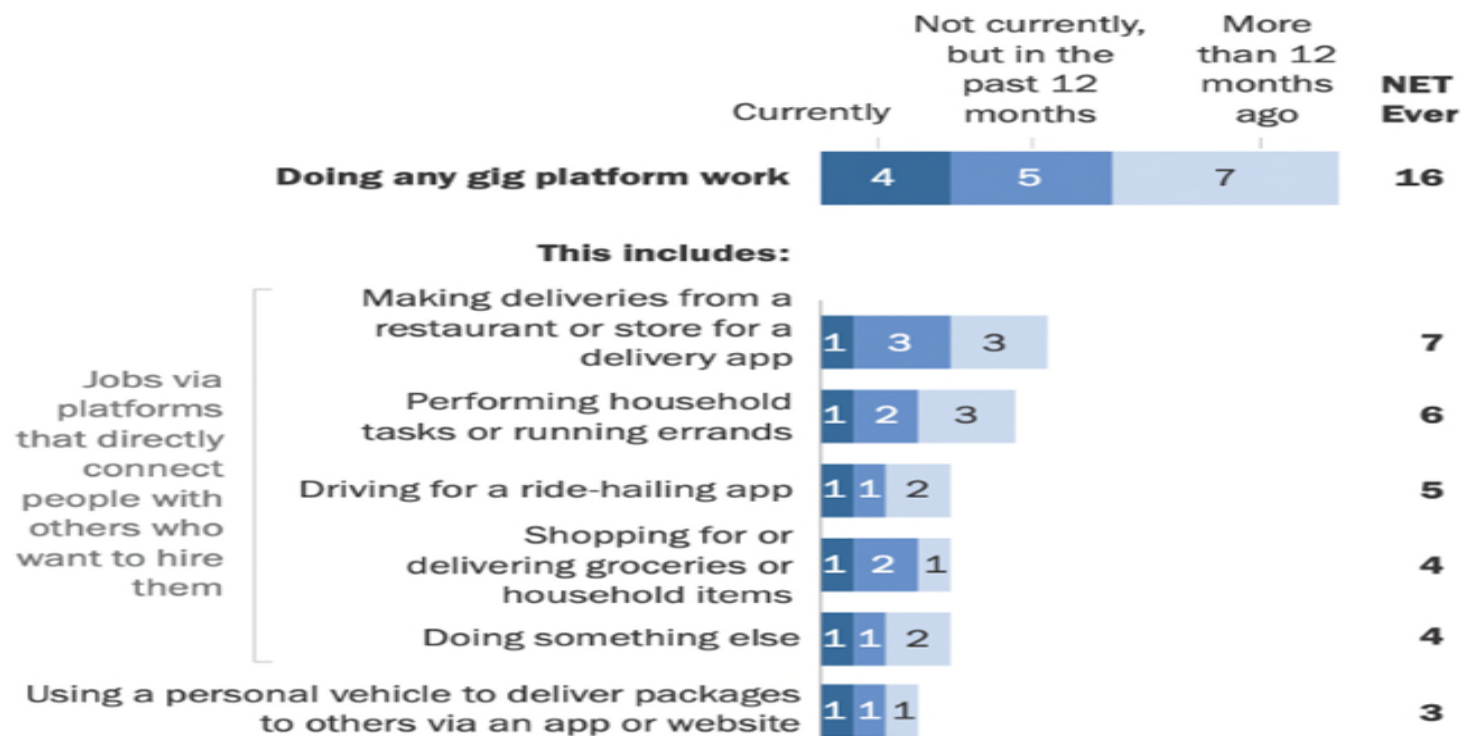
WHO WILL BE IMPACTED? GIG WORKERS

“Gig platform work refers to earning money by using a mobile app or website to find jobs that directly connect workers with people who want to hire them, or by using a personal vehicle to deliver packages to others.” – Dec 2021 – Pew Research Center

“The new \$600 threshold will likely affect many gig workers who are independent contractors and haven’t been reporting income, so paying taxes on that income could be costly. It could also pressure companies hiring them to raise pay or expand benefits in a tight labor market.” – Apr 2022 – WSJ

16% of Americans have ever earned money on online gig platforms

% of U.S. adults who say they have earned money by ...



Source: Pew Research Center - Survey of U.S. adults conducted Aug 23-29, 2021

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

WHY THE RULE CHANGE?

“Here’s what’s going on. Last year, Congress quietly lowered the 1099-K threshold as part of the American Rescue Plan Act. **The goal was to boost tax compliance in an area notorious for lacking it—income the IRS doesn’t know about.**

According to the agency’s research, **tax compliance is highest when employers, financial institutions and others tell the IRS about payments to individuals.** These are reported on forms like W-2 wage statements or an array of 1099 forms for other types of income.

Compliance suffers when there isn’t such reporting. The IRS’s most recent tax-gap study found that of \$245 billion annually of misreported individual income taxes that are owed but not paid, 45% involved income without 1099s or similar reporting. **Only 4% of the gap came from wage income subject to reporting and withholding.**” – Apr 2022 – WSJ

Form 1099-K

2021

Payment Card and Third Party Network Transactions

Copy 1 For State Tax Department

OMB No. 1545-2205

Form 1099-K

www.irs.gov/Form1099K

VOID CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

FILER'S TIN

PAYEE'S TIN

1a Gross amount of payment card/third party network transactions

\$

1b Card Not Present transactions

\$

3 Number of payment transactions

5a January \$

5c March \$

5e May \$

5g July \$

5i September \$

5k November \$

6 State

Check to indicate if FILER is a (an):

Payment settlement entity (PSE) ☐

Electronic Payment Facilitator (EPF) ☐

Other third party ☐

Check to indicate transactions reported are:

Payment card ☐

Third party network ☐

PAYEE'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

PSE'S name and telephone number

Account number (see instructions)

Photo: Shutterstock Provided by Money

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

WHAT IS TAXABLE? BUSINESS PROFITS

“Starting [2022], the federal threshold for issuing the 1099-K will drop to \$600 with no minimum transaction level, due to a provision in the recently enacted American Rescue Plan Act. (Some states already have lower minimums.)

This means that **in early 2023, you could receive a 1099-K for online sales you make in 2022.** And this would be the case whether you’re an occasional seller or are operating as a business, as long as you sold more than \$600 worth on a single platform. **It doesn’t necessarily mean you’d be taxed on the money, but you would need to account for it on your tax return.**” – Mar 2021 – CNBC

“If your sales are akin to having a garage sale — i.e., **you unload belongings for less than what you originally paid — there typically is no reason to report what you pulled in,** said Weston at the American Institute of CPAs. Essentially, there is no ‘income’ to report.

Of those who have sold pre-owned goods on Ebay, for instance, 85% plucked items from their house — things they already owned and no longer used, according to a recent report from Ebay.

Otherwise, the taxation depends on the situation.

Generally speaking, **if you’re selling to make a profit for reasons that go beyond nurturing a hobby, you probably would be considered a business owner for tax purposes.** For instance, if you regularly buy clothes at yard sales (or other discounted spots) and sell them — whether online or not — with the intent of making a profit, that counts.

The good news is that **as a business owner, you can subtract your expenses from the money you earn.** And if those costs exceed your business income in a particular year, you can subtract the resulting loss from other income you report on your tax return, Weston said.” – Mar 2021 – CNBC

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

WHAT IS TAXABLE? HOBBY INCOME

“The IRS expects to hear from anyone whose net earnings from self-employment are \$400 or more. And although you would be required to pay self-employment taxes of 15.3%, you can deduct half that amount elsewhere on your return.

The IRS also wants to hear about income you generate from a hobby. Unlike with business losses, though, taxpayers **can generally only deduct applicable expenses up to the amount of the hobby income.** In other words, the excess (the loss) cannot be deducted from other income.” – Mar 2021 – CNBC

‘However, because it’s a hobby and not a business, you don’t have to pay self-employment taxes on the income,’ Weston said.

Figuring out whether you are selling as a hobby or a business can sometimes be tricky. The IRS has some tips on its website intended to help taxpayers make a determination.

Meanwhile, sometimes a belonging is more valuable when you sell it than when you acquired it, whether via a purchase or gift. Your profit generally would be the difference between your cost basis — its value when it came into your possession — and what you sell it for.

In these one-off cases, the profit would get treated as a capital gain. Generally, that means it’s either taxed as ordinary income if you held the asset (the item) for less than a year, or else it’s considered a long-term gain with a tax rate of 0%, 15% or 20%, depending on your overall income.

However, there are exceptions to those rates, including the **28% that gets applied to gains from the sale of things like fine arts, collectibles, antiques, stamps, coins and some jewelry,** Weston said.” – Mar 2021 – CNBC

IN-DEPTH – IRS CRACKDOWNS ON INCOME FROM ONLINE PLATFORMS

ARE THERE ANY REPORTING EXCEPTIONS?

“It’s important to note that this change — which will be applied during 2022’s tax year and moving forward — **applies only to payments received for sales of goods and services, and not to friends and family payments.**

Venmo says that users can choose to tag a payment as being for ‘goods and services.’

However, ‘**All payments sent to business profiles on Venmo are tagged as purchases automatically** and are therefore considered to be for goods and services,’ according to Venmo’s website.

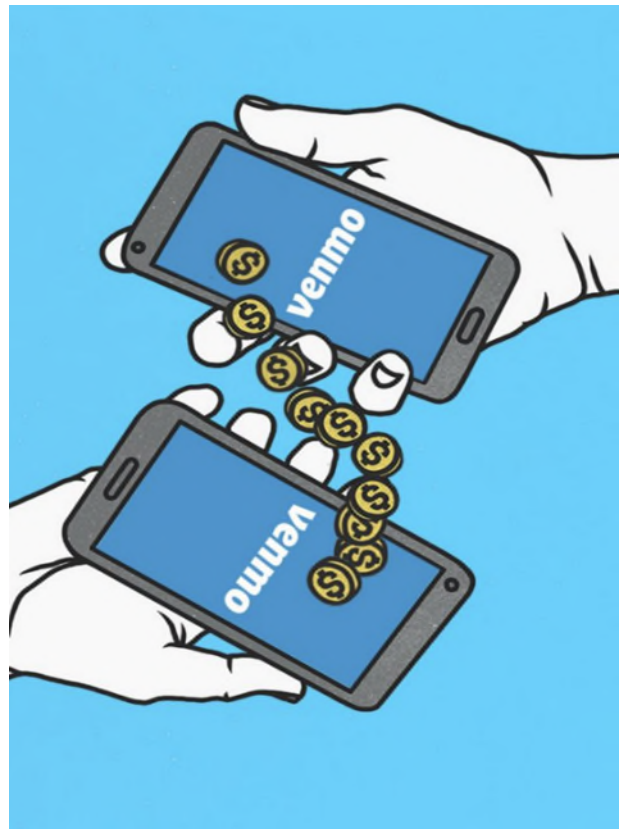


Photo: Getty Images Provided by Next Advisor

Bloomberg reports that compounding the new issue, many users don’t separate personal transactions from business revenue on these platforms — a reality which ‘will create an administrative headache.’

“The biggest impact is having to decipher which payments are income,’ Marvette Critney, a real estate broker, told Bloomberg.

Bloomberg says that **one way to reduce the confusion would be to open a second account only for commercial activities** — or to separate payments by platform.” – Jun 2022 – gobankingrates

IN-DEPTH TOPICS LOCATED ON THE COUNTY AUDITOR'S WEBPAGE

5G Network	4th Qtr 2018
Afterpay	4th Qtr 2020
Alibaba	3rd Qtr 2017
Bitcoin	4th Qtr 2016
Cashless Society	4th Qtr 2017
Chatbots	1st Qtr 2019
Deep Sea Mining	3rd Qtr 2020
Facial Recognition	1st Qtr 2018
IRS Crackdown on Income from Online Platforms	2nd Qtr 2022
Labor Participation Rate	4th Qtr 2015
Libra, Calibra, Facebook	2nd Qtr 2019
Lumber Prices Soaring	4th Qtr 2021
Money Market Fund Reform – New Rules	3rd Qtr 2016
Natural Gas – U.S. 3rd Largest Exporter of LNG	4th Qtr 2019
Negative Interest Rate Policy (NIRP)	2nd Qtr 2016
New Silk Road	2nd Qtr 2017
Non-Fungible Tokens	1st Qtr 2021
Pandemic – Possible Impact	1st Qtr 2020
Quantitative Easing	1st Qtr 2016
Repurchase Agreements – Repo Market in Crisis	3rd Qtr 2019
Series I Bonds	1st Qtr 2022
Small Business Reorganization Act	2nd Qtr 2020
Texas Imports and Exports	2nd Qtr 2018
Universal Postal Union	3rd Qtr 2018
Vehicle Shortage	2nd Qtr 2021

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