



Second Quarter 2019

The Tax Bite Takes A Big Part of Some Unusual Gains

Winning the lottery is a windfall not only for the lucky ticket holder but also for state and federal governments. Lottery winnings are taxed as ordinary income and given the size of the pot that may mean the top rates apply.

Buried treasurer, stolen property, Nobel Peace Prizes, gambling winnings, fantasy sports, bartering and definitely any Bitcoin profits are all taxable. If you are selling body parts or are a young woman donating eggs to an infertile couple, any proceeds are considered income.

Received a gift from your employer for recognition of exemplary service or a gift that promotes the company? It's taxable, unless it is of nominal value, such as a Christmas turkey or ham. Unemployment benefits are taxable. Child support payments are not taxable, but alimony payments are. In fact, the hard part these days is finding a money source that isn't taxable. Which brings up the money you get from a cash-back credit card or mail-in rebate. The IRS considers those payments as discounts—the equivalent of buying something on sale.

Brian R. Carruthers, CFP, CMT

BCA

BRIAN CARRUTHERS & ASSOCIATES

Your Conservative Advisory Firm Since 1990
301 Forest Avenue
Laguna Beach, California 92651-2115 USA
Telephone: 1-949-464-1900
www.gobcafunds.com
brian@gobcafunds.com