Doron F. Eghbali Tax Law

Some Tax Breaks You Do Not Expect from the IRS

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The IRS provides some tax breaks you might not have thought about or simply could not believe the IRS would be as generous. Nonetheless, the reality is the IRS offers tax breaks if you simply adhere to some rules and regulations. Here is a breakdown of some of these tax breaks.

1. EMPLOYEE REWARDS: Tax Deductible to Employer and Non-Taxable to Employee

Employers could reward their employees up $400 in 2010 and fully deduct it from their taxes. Employees would also receive this amount tax free.

Employers could reward their employees for the following reasons:

- Safe Driving
- Good Attendance
- Years of Service.
- Etc.

To be eligible for such tax breaks, employer should use fair and objective criteria.

2. "THE MASTERS EXEMPTION": Homeowners Renting Out Their Property

If you rent out your property for 14 days or less in a given year, then the income you generate may be tax free.

This is called "The Masters Exemption", since every April homeowners near the Augusta National club receive as much as $20,000 from short-term rentals during the Masters tournament.

CAVEATS

- **Once a Year Exemption:** This exemption could be used ONLY once a year on one property. Nonetheless, according to the IRS, you could take advantage of this exemption on more than one property in a given year.

- **Not Only Your Home:** You could take advantage of this exemption even if the rental property is not your primary residence.

3. FREQUENT FLIER MILES: Not Taxable If You Do Not Convert Them Into Cash

Your frequent flier miles are not taxable. Nonetheless, if you convert your frequent flier miles into cash, then such income is taxable.

DORON EGHBALI *is a Partner at the Beverly Hills Offices of Law Advocate Group, LLP. He Primarily Practices Business, Real Estate and Entertainment Law. Doron Can Be Reached at: 310-651-3065. For More Information, Please, Visit: HERE.*