

CCH Assignment with a FIREWORKS twist:

Please answer each of the following questions using the CCH Standard Reporter.

1. Entertainers can have several different types of compensation. For each of the following items, determine which is included in gross income, provide the code section and the CCH paragraph number.
 - a. Royalties,
 - b. Complimentary food and beverages (totally less than \$25) in the green room, and
 - c. unemployment insurance proceeds.

2. Some performers never make money from this activity and must support themselves with an outside job.
 - a. What CCH volume covers hobby losses?
 - b. Provide the citation for the Regulation that provides nine relevant factors in determining whether an activity is engaged in for profit. Provide the CCH explanation that discusses this same topic. How many relevant factors does CCH's explanation include?
 - c. What are the tax consequences if the IRS finds that the activity is not a business activity?
 - d. Using annotations, how many cases are related to artists? How many cases are related to music promotion? Which case sounds possibly pertinent to our clients? Find the case in the citator and provide the number of related cases.

3. Employee vs. Independent Contractor issues:
 - a. Employers are not required to withhold FICA for independent contractors. In what CCH Standard Reporter volume are employee vs. independent contractor withholding rules discussed?
 - b. What are the criteria to determine if an entertainer is an employee or an independent contractor?
 - c. How many annotations are there for Employer-Employee Relationship: Musicians and orchestra leaders? Have there been any court cases on this issue that may be pertinent to FIREWORKS?
 - d. What code section prevails if business expenses are deductible by a performer as "employee?" What code section prevails if business expenses deductible by a performer as "independent contractor?" Have there been any court cases on this issue that may be pertinent to FIREWORKS?

4. Travel expenses are deductible by entertainers when they are "away from their tax home." What does a taxpayer need to do to prove they have a permanent tax home and are not an itinerant (provide citation)? Provide a list of possible travel related expenses that may be deductible by FIREWORKS? In September, the IRS released the most current per diem rates in a Rev-Proc. Provide this citation.