

# GARAGE SALES

## Garage Sales and Taxes

Two things are inevitable: That your home will need decluttering and taxes.

But those things may not necessarily be related when it comes to decluttering with a garage sale.

Here's what you need to know about taxes and your garage sale profits.

### FEDERAL TAXES

The Internal Revenue Service says that when you sell items you've bought in the past for your own use, generally for less than you paid for them. Those sales are not reportable as taxable income. However, if you're buying things for the purpose of reselling them to make money, then the IRS is interested. The agency looks at the frequency of your sales, how much you earn and how much time you spent working on your sales. Ask your accountant or professional tax preparer for more information.

### STATE TAXES

Many states have a garage sale exception in their tax code that is similar to the federal rule. The sale of property is tax exempt if you're not



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selling as a business, such as a garage sale. However, you may be liable if you bought items cheaply, used them for personal use as they became more valuable, and sold them for a profit later. However,

with most garage sales, you might come away with some extra pocket money, but if you total up the amount you paid for the items, it's hardly a profit. After all, most pricing guidelines for garage sales

start at 10% of the retail price of the item.

### LOCAL TAXES

Local taxes are much the same as the state and federal level. What you may have to

pay fees for at the local level are permits to hold a sale in the first place. Many cities and counties require a permit to host a garage sale at a residential property in order to protect local businesses from unauthorized storefronts. Municipalities may also regulate how many sales you can hold in a certain time period.

The city of Miami, for instance, allows two garage sales per 12-month period. Property owners who violate this requirement will have sale privileges revoked for a year and accrue fines.

To apply for permits, you'll likely need a proof of identification and some paperwork from the city or county. If the sale is going to be at a location other than your legal residence, you may need written permission from the landlord or owner of that building as well. That letter may have to be notarized, so plan accordingly.

Some towns waive permitting on certain weekends. In Burbank, California, permits are waived on Second Chance Weekends, which is Oct. 9-10. For all other weekends, sellers need to fill out paperwork for a permit or, if they were unable to hold their sale for some reason, fill out a separate form for non-use of their permit.



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### BUYER'S TIP

#### Be Polite When Parking

One thing many places regulate is parking and space for a garage sale. Even if there's no signage for parking, be polite and don't block in neighbors' driveways or the road. You may have to park away from the sale and walk in; take that route rather than running the risk of blocking someone in, no matter how quick you think you're going to be. Don't litter the yards and garages of the sales you visit, and take care not to leave any trace behind that you were there, especially if you're parking in someone's yard.

## AD SPACE