Sloth: Claiming Day-Trading Losses on Schedule C

IRS Audit Red Flags - Seven Deadly Tax Sins of Taxology

Claiming Day-Trading Losses on Schedule C

“Those who trade in stocks and securities have significant tax advantages compared with investors. The expenses of traders are fully deductible and traders’ profits are exempt from self-employment tax. Losses of traders who make a special section 475(f) election are fully deductible and aren’t subject to the $3,000 cap on capital losses. And there are other tax benefits.

But to qualify as a trader, you must buy and sell securities frequently and look to make money on short-term swings in prices. And the trading activities must be continuous.

The IRS knows that many filers who report trading losses or expenses on Schedule C are actually investors, who profit mainly on long-term appreciation and dividends, hold their securities for longer periods and sell much less often than traders, and can only report their expenses as a miscellaneous itemized deduction on Schedule A, subject to an offset of 2% of adjusted gross income. So it’s pulling returns and checking to see that the taxpayer meets all of the rules to qualify as a bona fide trader.”

KIPLINGER- ***Joy Taylor - Assistant Editor- The Kiplinger Tax Letter***

http://www.kiplinger.com/slideshow/taxes/T056-S001-irs-audit-red-flags-the-dirty-dozen-slide-show/index.html

In religion:

Sloth can entail different vices. While sloth is sometimes defined as physical laziness, spiritual laziness is emphasized. Sloth has also been defined as a failure to do things that one should do. By this definition, evil exists when good men fail to act or practice Taxology or in its Snake Pit.