

Income Types That The IRS Can't Touch

If you're a wise taxpayer, you understand you should not pay the government more or less than what you owe in taxes to prevent IRS problems. What many taxpayers don't know is that there are various income types that the government can't collect taxes on legitimately.

Since tax law does not allow it, the IRS cannot tax certain types of income. Understanding what the IRS can't tax can help you keep your money, but you have to do everything correctly to avoid tax problems.

Investment instruments that are tax-free is one. These are state-issued bonds more typically called municipal bonds that are free from federal taxes. The value of these bonds increase as your overall income rises, meaning their tax benefit increases when your tax rate rises.

A very little known source of income that can't be taxed is money that's earned from charging fees in a car pool. The money you collect from your passengers in a car pool can be excluded from your reported earnings with problems with the IRS.

Another source of income that's excluded from taxes is selling your house. You can exclude up to \$250,000 if you sell your home, and if you file a joint return with your spouse, \$500,000. This exclusion can be claimed every two years. A partial exclusion can also be claimed if you sell your home after less than 2 years. There are some restrictions, so it's advised to ask a tax professional to make sure that you're doing this correctly.

Getting an increased paycheck amount is not the only way of getting a raise. Your employer can pick up the cost of a higher healthcare plan or a better insurance option instead, if you prefer. This makes it impossible for the IRS to tax your raise and you won't need to handle possible IRS issues.

Darrin T. Mish is a Nationally recognized Attorney whose practice focuses on representing clients across the United States with IRS Problems. He is AV rated by Martindale-Hubbel and is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. He has been honored by a listing in Martindale-Hubbel's Bar Register of Preeminent Lawyers. His passion is providing IRS help to taxpayers with both individual and payroll tax problems. He also spends a great deal of time traveling the nation providing training to attorneys, CPAs and Enrolled Agents on how to handle their toughest cases with the IRS. If you would like more information about his services please visit <http://getirshelp.com>.