

Business or pleasure

Think twice before turning your hobby into a business By David Whitemyer

Perhaps you're an amateur woodworker. You've got a basement full of tools that would make Norm Abram jealous. Maybe you designed a built-in bookcase, or you constructed a maple footstool for your niece, complete with walnut trim. Family and friends praise your work, confidently advising, "You should start a furniture-building business."

Whatever your pastime — sewing or sea kayaking — at some point you may have considered tweaking it into a profit-making endeavor.

Financial experts would recommend that by turning your hobby into a business, you'll reap tax advantages from deducting your equipment as business expenses. And career counselors are quick to tout the feel-good suggestion that you should do what you love. The Hobby Industry Association (HIA) boasts that 58% of U.S. households regularly participate in a craft or hobby. Who, out of that group, wouldn't want to wake up each morning and get paid to play with their toys?

Money doesn't buy happiness

The arguments for turning your leisure pursuit into a marketable venture seem obvious. So, what have you got to lose? Plenty. Free time, for starters.

The word "hobby" was born from the 16th century hobbyhorse toy: a stick with a horse's head on it. Because riding a hobbyhorse could not actually take you anywhere, the term "hobby" evolved metaphorically into doing something for enjoyment only.

Hobbies are valuable precisely because they offer us the exact opposite of what we get from the typical nine-to-five job. They can be taken up intermittently, for odd periods of time, at our own pace. However passionately you're geared towards a particular hobby, whether it's restoring bicycles or weaving baskets, the ultimate goal should be for mental downtime.

Downtime is important because it shuts you off from the day-to-day grind, freeing you from workplace anxieties. It allows your



mind to wander and gives you a fresh perspective on quandaries, which is beneficial when you hop back into the fray.

The cost of sacrifice

An old adage says, "If you want to ruin your hobby, turn it into a business." Are you still going to get the same therapeutic pleasure from your hobby when you have to crank out five hundred birdhouses by next Friday? Turning a profit sometimes means dealing with caustic customers and working under time constraints.

Is it worth sacrificing your personal time to gain some tax savings? If you go that route and declare your hobby as a home-based business, the IRS has simple demands such as keeping good records, maintaining a minimal track record of profits, and filing a Schedule C, for sole proprietors, each April. It's not difficult, but the obvious caveat is that you'll be running a business, not enjoying a hobby.

Whistle while you work (or play)

"Do what you love" sounds like sage advice. But if you're up late each night doing the books after the kiddies are in bed, and spending your weekends making marketing calls from the breakfast table, you might not really be where you intended, having transformed your hobby into a job, with all of the requisite demands you tried to escape by starting the business in the first place.

Do you want to have a hobby or run a business? That's the defining question. It's not likely you can have your cake and eat it too.

That is, unless your hobby is baking. Just make sure there's a solid business plan to go with it, and a good paper trail if you lick any of the excess inventory off the spoon.