

TAX TOPICS

Every Athlete Engaging In NIL Should Consider



TYPES OF DEALS

Endorsement deals are structured in a variety of ways and can range from million dollar deals to free equipment. Furthermore these deals may include base pay, bonus payouts for accomplishments, or even equity stakes in the company.



Each scenario is accounted for differently for tax purposes. One scenario athletes should consider when evaluating deals is the cash value for deals without a cash exchange such as cars, clothes, and shoes. These in-kind deals can cause an athlete to owe taxes although the athlete did not receive cash from the deal.

LOCATION



NIL athletes should consider the tax laws of their home state, school, and each state in which they compete and plan to earn compensation when evaluating deals.

Professional athletes pay what is known as the Jock Tax which is a tax imposed on athletes on compensation earned in each state the athlete competes. While there is no official guidance on this at the collegiate level athletes should be prepared to account for the Jock Tax .

RESPONSIBILITY

Many parents of student athletes claim the athlete on their tax return. As an athlete begins to earn compensation from NIL the family should evaluate how the compensation affects the parents tax liability.

Some questions to keep in mind:

- At what compensation threshold does the athlete have to file their own tax return
- At what compensation threshold does the parent enter a new tax bracket.
- How does the parent entering a new tax bracket impact benefits offered through FASFA



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- Tax Planning
- Banking & Budgeting
- Financial Literacy
- The Business Of NIL

