

ATHLETE TAX RESOURCE GUIDE

2019

*Use this resource guide as a reference to better manage your finances, not just for tax purposes, but also in managing your **monthly budget**, **sport expenses**, and **creating sponsorship request packages**.*

FILING A TAX RETURN

The filing/payment deadline is generally in mid-April.

- ❖ You have the option of filing **quarterly tax payments***. File for quarterly payments using form 1040 ES which can be found at www.irs.gov. If you owe more than \$1,000 in taxes and DO NOT make quarterly payments, there will be a tax penalty. Speak with a tax advisor for information on quarterly payments.
**Recommended option if most of your income is on 1099-Misc. AND substantially exceeds tax payment limits below.*
- ❖ If your W-2 or 1099 forms show any federal, state, or local taxes withheld and paid, you should file a tax return. In some instances, you could receive a refund. If you have earned income and someone else cannot claim you as a dependent, you may qualify for the Earned Income Credit. You should file a return to receive money back.

Need to pay/file for taxes from previous years? Speak to a tax advisor for assistance.

Need help finding a tax advisor? Check the Volunteer Income Tax Assistance (VITA) program section at www.irs.gov. You can locate a free tax advisor in your area. Use this document when working with a tax advisor.

INCOME

Do you understand what income is included on your 1099s?

Ask the company that issued the 1099 for a detailed report of the income. Some items that are reported as income to you may be allowed as a deduction.

Wonder if you earn enough money to require tax payments?

If your annual income exceeds \$10,400 (single-dependent) or \$20,800 (married), you may have to pay taxes.

It is a good practice to set aside 10-15% of your income to pay taxes. Especially if you made more from winnings, sponsorships or stipends than in prior years.

As elite athletes, you qualify as self-employed. Self-employment tax consists of Social Security and Medicare taxes for individuals who work for themselves. **Even if you do not owe a Federal income tax because you did not make enough money, you may still owe self-employment tax.**

AFFORDABLE CARE ACT (ACA)

The ACA requires individuals to have qualifying health care coverage (called Minimum Essential Coverage [MEC]) for each month of the year, qualify for an exemption, or make a Shared Responsibility Payment (SRP) when filing their federal income tax returns. The EAHI (the athlete health insurance provided by USOC, the cost of which is included in box 3 of the Form W 2) was approved for 2016 as a plan that meets MEC. **Athletes covered by EAHI will receive form 1095-B in the mail to file with their taxes.** Use this form when completing your tax return.

Are you still covered under your parents' plan? If you are not sure, please check with your parents prior to speaking with a tax advisor. **Do you have insurance but are not sure if it meets the MEC**

requirements? Check with your tax advisor. If you do not have health insurance, or your insurance does not meet the MEC, you may need to make a shared responsibility payment (SRP); or you may qualify for an exemption, depending on several factors. Please see your tax advisor who can determine your SRP, or your eligibility for an exemption.

EXPENSES

See below for examples you might be able to use as tax deductible expenses.

Training, Competition, Tournament travel expenses may be deducted if the expenses are not already paid for by the USOC, NGB, or Sponsor, unless the expenses are included on a 1099:

- | | | | |
|----------------|------------------------|------------------------|--------------------|
| ▪ Airfare | ▪ Meals (per diem rate | ▪ Rental Car | ▪ Vaccinations & |
| ▪ Baggage Fees | for specific location, | ▪ Internet Access Fees | Immunizations (not |
| ▪ Hotel | less any meal | ▪ Parking | covered by |
| ▪ Tolls | stipends received) | ▪ Personal Vehicle | insurance) |
| ▪ Taxi | ▪ Visa Fees and/or | Miles (\$0.545/mile) | |
| | Passport Fees | | |

KEEP ALL YOUR RECEIPTS AND INVOICES.

At a minimum, bank statements or credit card statements can be used as proof for your expenses.

Training Equipment

- Shoes
- Clothing, uniforms, etc.
- Power Shakes
- Vitamins/Supplement
- Specific purchases such as a Bike, Snowboard, Gun, etc.
- Maintenance to equipment

- Payments to personal coaches
- Dietitians and Nutritionists
- Lab work such as blood oxygen levels and metabolism tests (not covered by insurance and for performance purposes)
- Supplies such as bike tiers, ski wax, etc.
- Medical expenses strictly related to Sport Activities
- Gym Membership
- Sport Massage
- Chiropractic Adjustments

Medical Supplies

- Bandages/Sport tape
- Braces
- Hot/Cold Therapy
- Orthopedic Support

Other

- Certifications
- Membership fees and/or dues and subscriptions
- Educational Expenses (student loans and interest – keep record of 1098-E form)
- Fundraising expenses such as website fees
- Cell Phone (only the % that applies to Sport Activities is tax deductible)
- Internet (only the % that applies to Sport Activities is tax deductible)

Visit the IRS website for more information on the [Volunteer Income Tax Assistance](#) program and to find a free tax advisor. www.irs.gov

Tax Law Changes

As a result of the Tax Cuts and Job Acts of 2017, on Form 1040 standard deduction amounts have been doubled. *Ex. Single taxpayer = eligible for Itemized Deductions to \$12,000; Married taxpayers filing jointly = \$24,000.*

Disclaimer: *The USOC and VITA do not provide tax advice. Athletes should consult a tax advisor to determine if income is taxable and expenses are deductible. Each athlete's tax situation varies and not all the above examples may apply. Consult a tax advisor to understand how changes to the federal tax code impact you individually.*