

NIL & TAXES

a guide for student athletes



Student athletes that receive cash or services and/or items that value \$600 or more will be required to file their taxes.

- ✓ Students should keep track of any expenses related to the NIL income because they may deduct the expenses to reduce the total tax owed at the end of the year.
- ✓ Any income earned from NIL activities, including non-cash benefits, is considered taxable income. It's essential to report this income on your tax return.



What are some examples of NIL income?

Student athletes can gain income through NIL in a number of different ways. Social media and brand endorsement deals are the most popular revenue source for college athletes.



PRODUCT PROMOTION



MERCHANDISE SALES



RECEIVING CARS



CONTENT CREATION



AUTOGRAPH SIGNING



TEACHING CAMPS

Common tax consequences for student athletes to know:

- 1 You're now responsible for filing and paying your federal and state taxes.
- 2 Income from NIL could impact the amount of financial aid you receive.
- 3 Parents that claim student athletes as dependents on their annual tax return may no longer be able to do so.

What if I don't file my taxes?

- ⚠ You'll face IRS penalties that accrue interest; which means you owe more.
- ⚠ The IRS could take legal actions such as liens against your property, garnished wages, or seizing assets.

Ask us how to file for free!*

Contact your local Liberty Tax: (866) 871-1040

*see website for details