#### LET'S TALK TAXES

With NIL income now flowing to college athletes, artists, & influencers, federal income tax consequences must be considered. Students must understand the tax rules associated with NIL income to protect themselves. Not all income from NIL may be taxable, however many deals will trigger income tax issues.

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## WHY SHOULD I CARE?



### MUST CONSIDER YOUR ROLE AS A BUSINESS-PERSON

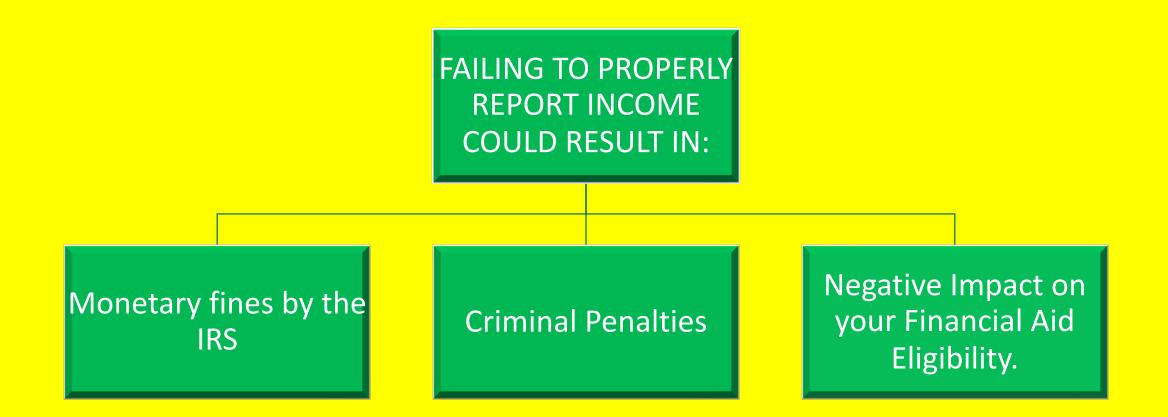
## NIL STUDENTS:

HAVE BECOME ENTREPRENEURS/SMALL BUSINESS OWNERS

HAVE AN INCREASED AMOUNT OF RESPONSIBILITY NOW THAT YOU CAN PROFIT OFF YOUR NAME, IMAGE, LIKENESS

### WHY SHOULD I CARE?







SOCIAL MEDIA: TIK TOK & INSTAGRAM

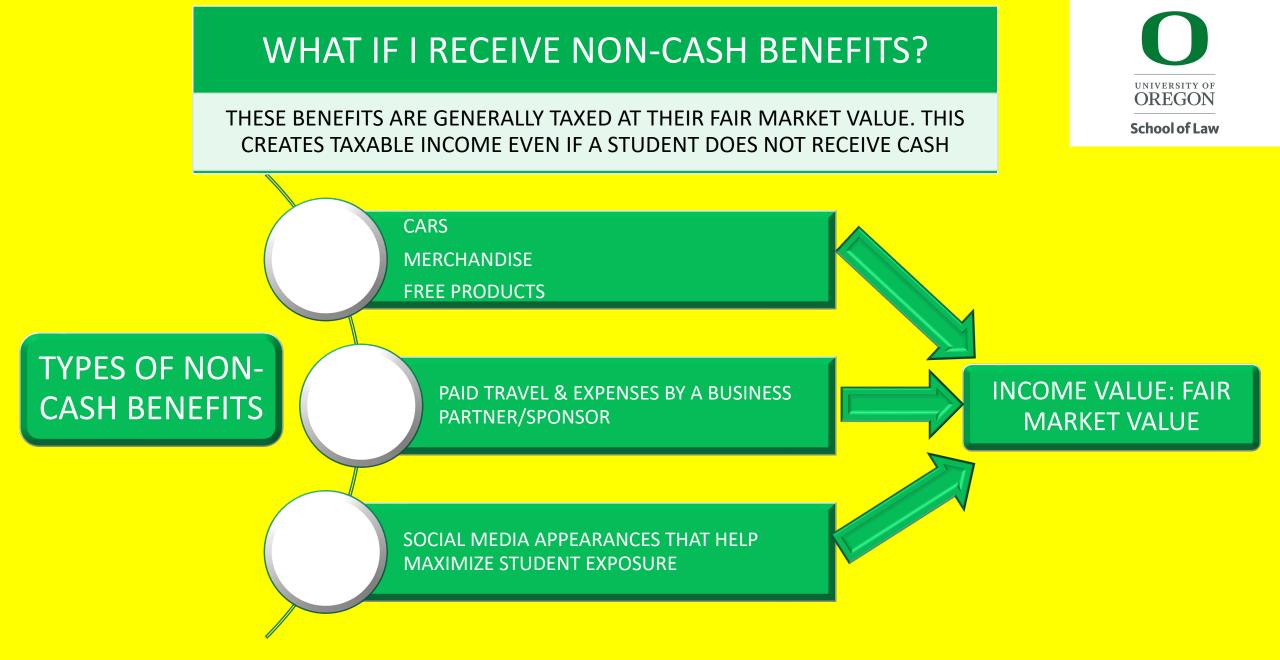
EXAMPLES OF WAYS TO EARN INCOME ON NIL DEALS MERCHANDISE: JERSEY SALES & AUTOGRAPH SIGNINGS

SPONSORSHIPS, ENDORSEMENTS & MARKETING SERVICES

VEHICLE LEASES & MERCHANDISE "GIFTS"



### MERCHANDISE SALE OF PROPERTY **TYPES OF** INCOME **RECEIPT OF MONEY**, MONEY **CRYPTOCURRENCY** PROPERTY, SERVICES, CARS COMPENSATION, PRIZES MERCHANDISE



### TAXES AFFECTING NIL STUDENTS:



# FEDERAL INCOME TAXES STATE INCOME TAXES **SELF-EMPLOYMENT**

### WHAT HAPPENS WHEN I SIGN AN NIL DEAL OR TAKE ON A SPONSORSHIP?

The government considers you to be self-employed which means you must pay taxes on the compensation earned from your NIL deal



### HOW MUCH DO I HAVE TO EARN BEFORE I MUST START PAYING TAXES?

Students must make at least \$400 in income, be it cash or the value of non-cash items or services, will be subject to taxation under the self-employment IRS guidelines. <u>https://www.irs.gov/help/ita/do-i-need-to-file-a-tax-return</u>

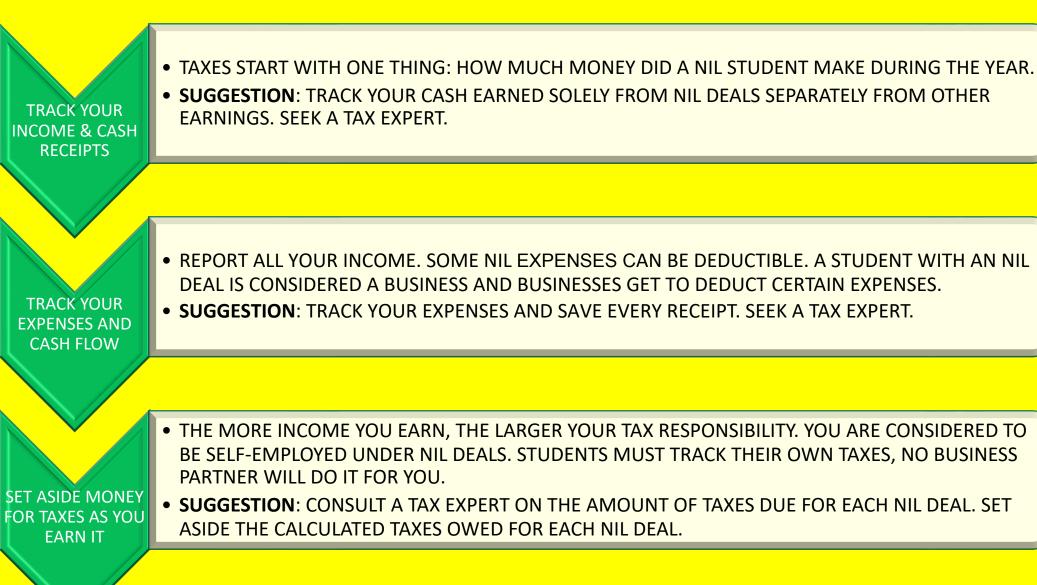


HOW WILL I ACCOUNT FOR AND PAY TAXES ON INCOME EARNED?

Students fill out Form W-9, which reports income to the IRS Students must complete Form 1040 Schedule C to report NIL income & expenses

Students will be issued Form 1099

Students must calculate their own tax liability. Seek a professional tax expert.



NOT EVERYTHING FROM NIL DEALS IS INCOME. CONSULT A TAX EXPERT TO BEST DETERMINE WHAT MIGHT BE CONSIDERED INCOME AND MAY NEED TO BE REPORTED TO THE IRS. UNIVERSITY OF OREGON School of Law

### PROPERTY OR MERCHANDISE THAT IS PURCHASED BY YOU FOR YOUR OWN PERSONAL USE.

WHAT IS NOT CONSIDERED INCOME

GIFTS—Subject to a certain limit.

https://www.irs.gov/businesses/small-businesses-selfemployed/frequently-asked-questions-on-estate-taxes

SCHOLARSHIPS & FINANCIAL AID

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## WHO CAN HELP?



COACHES: They can point you in the right direction. They work with NIL athletes and can help guide you.

ADMINISTRATORS/ADVISORS/PROFESSORS: They have your best interest in mind and can connect you with helpful resources.

YOU: Take the time to educate yourself.

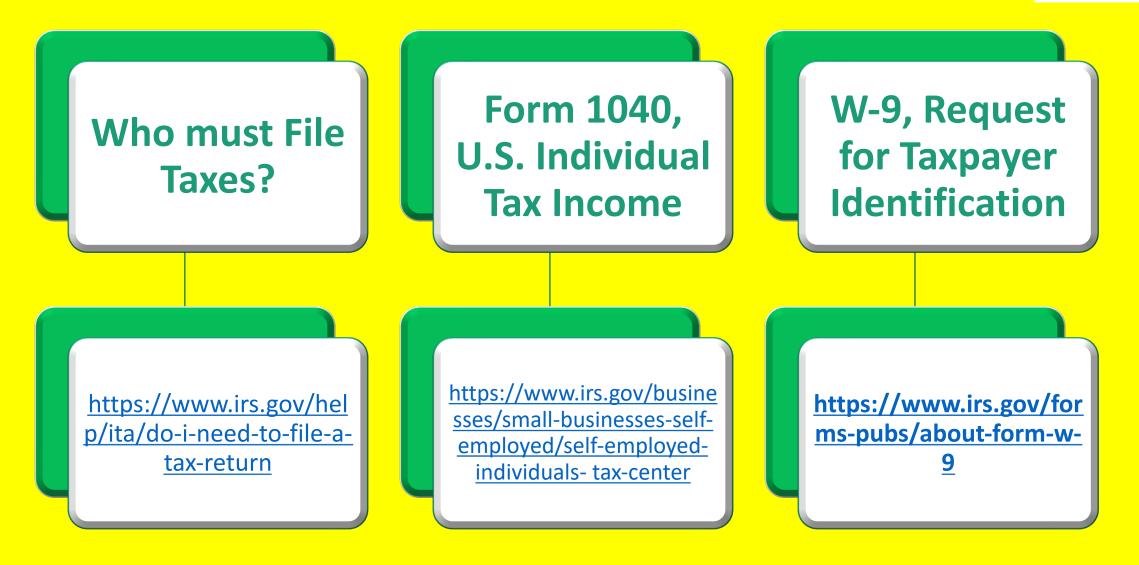
TAX PROFESSIONAL SERVICES: When your car needs maintenance you take it to the mechanic. Treat your NIL deals the same way.







### TAX PREPARATION ASSISTANCE





### WANT MORE INFORMATION

### CONTACT THE UO LAW SCHOOL BUSINESS LAW CLINIC

### **KNIGHT LAW CENTER**

P: (541) 346-1111

