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MADDOX-BURTON

# NIL Athlete Tax Guide

Maximize your deductions, minimize your liability, and protect the income you've earned.

 NIL income is self-employment income — you may owe taxes quarterly and are responsible for self-employment tax (15.3%) on net earnings.

As a Division I athlete earning Name, Image & Likeness (NIL) income, you are now operating as a **self-employed individual or business owner** in the eyes of the IRS. This means you have both additional tax obligations — and significant **deduction opportunities** that most athletes don't take full advantage of. This guide will help you understand what expenses you can deduct and how to lower your overall tax burden.

## Deductible Business Expenses



### Social Media & Content Creation

- › Camera, lighting, & video equipment
- › Microphones & audio gear
- › Editing software (Adobe, CapCut, etc.)
- › Ring lights, backdrops, studio props
- › Drone or action cameras
- › Memory cards & hard drives

*Business-use % of personal phone/internet may be deductible*



### Marketing & Branding

- › Personal brand logo & design fees
- › Website design & hosting costs
- › Business cards & printed materials
- › Promotional merchandise
- › Photography / headshot sessions
- › Graphic designer fees

*Must be specifically for NIL activities, not personal use*



### Professional Services

- › Agent & sports management fees
- › Attorney fees (NIL-related contracts)
- › Accounting & tax preparation fees



### Travel & Transportation

- › Flights to appearances, signings, shoots
- › Hotel stays for NIL events
- › Meals during business travel (50%)

- › Financial advisor fees
- › Contract review services

*Keep all invoices and engagement letters*

- › Mileage driven to NIL activities
- › Rideshare/taxi for NIL purposes

*Keep a travel log — date, destination, and business purpose*



## Clothing & Uniforms

- › Apparel required by brand sponsors
- › Uniforms worn only for NIL activities
- › Costumes or gear for promotional shoots

*Everyday clothing (even athletic) is generally NOT deductible; clothing must be unsuitable for general wear*



## Home Office

- › Dedicated workspace in your home/apartment
- › Prorated rent or mortgage interest
- › Utilities for that portion of space
- › Office furniture & equipment

*Space must be used exclusively and regularly for NIL business activities*

## 📚 Education, Software & Subscriptions

- › Business management courses
- › Books/courses on personal finance or investing
- › Scheduling & project management apps
- › Music licensing for videos
- › Marketing or social media courses
- › Sports agency or NIL compliance tools
- › Cloud storage for NIL content
- › Email marketing platforms

## Smart Tax Savings Strategies

01

### Form an LLC or S-Corp

Structuring your NIL activities through an entity may allow you to reduce self-employment tax. An S-Corp election can be especially powerful once income exceeds ~\$40K-\$50K annually.

02

### Open a SEP-IRA or Solo 401(k)

As a self-employed athlete, you can contribute up to 25% of net self-employment income to a SEP-IRA — reducing taxable income dollar-for-dollar while building long-term wealth.

03

### Pay Quarterly Estimated Taxes

Avoid costly penalties by making quarterly payments (April, June, September, January). Underpayment penalties apply even if you pay everything at year-end.

04

### Track Every Expense Year-Round

Use a separate bank account and credit card exclusively for NIL activities. Apps like QuickBooks Self-Employed or Wave make tracking

05

### Deduct the QBI Deduction


The 20% Qualified Business Income deduction may apply to your NIL income, potentially saving thousands. Proper entity structuring can optimize eligibility.

06

### Hire Family Members

If a parent or sibling genuinely helps manage your brand, social media, or bookings, you may be able to pay them a reasonable wage — shifting income to a lower bracket.

simple. Don't try to reconstruct at tax time.

 **Important:** State taxes matter too. If you earn NIL income across multiple states (appearances, events, games), you may have tax filing obligations in each state. Multi-state compliance is one of the most commonly missed areas for Division I athletes.

## Quarterly Tax Calendar

| DUE DATE     | PERIOD COVERED | WHAT TO DO  |
|--------------|----------------|---|
| April 15     | Jan 1 – Mar 31 | Pay Q1 estimated taxes; file prior year return or extension |
| June 16      | Apr 1 – May 31 | Pay Q2 estimated taxes                                      |
| September 15 | Jun 1 – Aug 31 | Pay Q3 estimated taxes; review year-to-date income          |
| January 15   | Sep 1 – Dec 31 | Pay Q4 estimated taxes                                      |

## What to Keep & Track



### All Receipts

Photograph or scan every business expense. Use a dedicated folder or app.



### Contracts & Agreements

Keep every NIL deal, brand agreement, and appearance contract on file.



### Separate Bank Account

Open a dedicated account for NIL deposits and business expenses only.



### Mileage Log

Record date, start/end location, business purpose, and miles for every NIL trip.



### Calendar Records

Document appearances, events, and any travel related to NIL activities.



### 1099 Forms

Collect all 1099-NEC and 1099-MISC forms from sponsors and platforms.

## Ready to keep more of what you earn?

Maddox-Burton, PA specializes in strategic tax planning for athletes and high-income earners. Let's build a tax strategy tailored to your NIL portfolio.



**Maddox-Burton, PA**  
Certified Public Accountants

 **Schedule a Consultation**