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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.



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 [Schedule a Consultation](#)