

This post was written for a client that works with professional football players.

Content Format: word doc
Content Type: Blog Posts
Target Keyword: taxation
Word Count: 599
Page Title: The Taxation Playbook for NFL Athletes

For young professional athletes entering the NFL, grasping the team playbook may seem like the most difficult learning process that they will undertake in their rookie seasons. The bigger shock for many young players however may be their tax return.

The tax returns for most people are relatively straightforward. A professional athlete's situation is much more complicated. Not only are they required to file a return in their home state, but they are also required to file taxes in every state and in some cities in which they play.

Duty Days and the Jock Tax

Almost every state with a major professional sports franchise has laws on the books that require professional athletes to pay state income taxes on the income they earn while playing as a member of a visiting team. This requirement is often called the "jock tax." Most states calculate an athlete's taxable income by figuring out the number of days their team played in the state. These are known as "duty days." Duty days begin with the first days of pre-season training sessions and go up to the final playoff game.

To put this in perspective, a business person that is paid by a company to travel to San Francisco for a work related conference or business meeting would not need to pay taxes in that state, however every visiting player who suits and up and plays a game at Candlestick Park, must pay taxes to the State of California.

Location, Location, Location

Income for professional athletes, like real estate, is all about location, location, location. The majority of a player's wages are taxed in their team's home city and state. Income from other sources such as endorsement deals, personal appearance fees and signing bonuses are taxed in their state of residence. Because of this, it is important for athletes to give careful consideration to where they reside for taxation purposes. States with no income tax such as Florida and Texas are havens for professional athlete's permanent residences.

A perfect example of an athlete choosing one state over another because of taxation concerns is New York Giants quarterback Eli Manning.

"New York Giants quarterback and Super Bowl MVP Eli Manning lives in Hoboken, N.J.,

instead of in the Big Apple. It is simple arithmetic. If he were a resident of New York, he'd pay 8.97 percent New York state tax and another 3.78 percent New York City tax on top of that, not only on his wage income but also his endorsements and investment interest," he says. "In New Jersey, he only pays 8.97 percent." (Source: Bankrate.com)

Tax Savings Opportunities

In the NFL, a large part of the financial package a player receives is the signing bonus. For many players their signing bonus can be in millions to tens of millions dollars. "These bonuses are exempt from most states' "duty days" tax calculations if they are paid separately from salary, non-refundable and also not contingent upon playing for the team." (Source: [JD Katz](#)) Bonuses may be negotiated to be taxed in the athlete's state of domicile or home team state; obviously you would want to negotiate your contract in the state where the tax is lower.

It is crucial that every professional athlete have an experienced financial team working for them that understand the complexities of the "jock tax.," It is not uncommon for an athlete's tax returns to be 100 or more pages long. There are savings to had simply by having a qualified team that understands the complexities of the code. Contact us today to discuss creating your taxation playbook.