

FEDERAL INCOME TAX IMPLICATIONS FOR SPORTS OFFICIALS

REPORTING GAME FEES RECEIVED:

- **Don't Report/Under Report, i.e. Cash:** Individual is subject to Civil and Criminal Penalties. Why risk it when most sports officials have legitimate expenses to offset fees?
- **If you don't show a profit, the IRS will Treat your business as Hobby:** All of your game fees will be counted as Income and your expenses will be excluded by 2% of your adjusted gross income. Revenue reported as Other Income on 1040. Expenses reported on Schedule A as Miscellaneous Deduction. IRS will force this treatment if taxpayer doesn't keep records or show an attempt to operate at a profit (generally 2 of last 5 years). The IRS will not let you take a loss....ever!
- **Treat your Umpiring as a Business: Report on Schedule C.** All Expenses can be taken. Business can show a loss. Net Profit above \$430 is subject to Self Employment Taxes, that is, Social Security and Medicare Tax. Net Profits can be put in a Solo 401k and defer Income Taxes.

BUSINESS REVENUE:

- Employer obligated to provide 1099 Form if payments exceed \$600 in a Fiscal Year.
- Public Schools collectively report. Private Schools report individually.

REPORTING BUSINESS EXPENSES:

- **Ordinary:** Common and Accepted in Profession. **Necessary:** Helpful and appropriate. Does not have to be indispensable.
- **Keep a Daily Log by Tax Category as shown below. This will make it easy at tax time and show the IRS you are keeping adequate business records.**

Day	Description	Game Fees	Adv	Miles	Tolls	Fees	Prof. Fees	Office	Rent	R&M	Supplies	Tax Lic	Travel Meals Enter.	Other	Notes
1/1	Cell Phone Use													157	
1/1	Internet Use													45	
1/1	Fingerprinting					35									
1/1	Business Cards		20												
1/1	FHSAA/BBUA											77			
1/8	New Hat										15				
1/8	Mtg: CSHS			40	2										
2/7	Clinic Deerfield HS			48	4	30								4	Uniform Cleaning \$4
2/23	DoubleHeader CSHS vs. Ely	97		28									5		Subway Sandwich \$5
Mar	Other Game Fees	600		860	100										
4/15	Tax Preparation						100								
'07	Total	697	20	976	106	30					15	77	5	206	

CUSTOMARY UMPIRING EXPENSES (If partly business and partly personal, separate out the business portion). Here is a list of expenses that may be appropriate.

Uniform and Cleaning Costs	Computer & Printer Costs: Paper & Cartridges	Office Costs: Stamps, Envelopes, Files, Fed Ex
FHSAA, BBUA Fees	Special Undergarments	Auto Damage: Dents, Scratches, Glass breaks
Membership in Professional Organizations	Polish, disinfectants, spray cleaners	Car Wash to remove field grime
Clinics and Training	Special Medications and Prosthetics	Taking Umpires to Marlins game to observe mech
Sunglasses and Sunscreen	Miles: Field, Clinic, Shop, Test, Train, Mtg., Bank	Subscriptions to trade and professional publications
(Overnight) Travel: Lodging, Meals, Entertainment	Tolls and Parking Fees	Penalties and fines
Meals between games of doubleheaders	Racks, Shelves, Bins, Hanging Rods in Car/House	Incontinence Supplies
Meals between work and evening game	Installation and Maintenance of above	Protective Gear and Other Equipment
Towels, Soap, Deodorant	Bus Portion: Cell Phone, Internet, LD, 2 nd Phone	Luggage to carry equipment to field
Bottled Water and Sports Drinks	Liability & Accident Insurance	Impairment Related Expenses

BUSINESS USE OF CAR, TRUCK OR VAN (Choose between Business Portion of Actual Expenses or Standard Method

Business Miles = R/T Home to Field; R/T Work to Field; If traveling from W-2 job: Depends: Work to Field to Home, only Work to Field

Business portion of Actual Expenses = Business miles/Total Miles x [Actual Expenses for Gas, Maintenance, Insurance, Depreciation, Repairs, Registration, and Tires]

Standard Method: (Bus. Miles x IRS allowed Cost per Mile)

RULES FOR BUSINESS USE OF HOME

Used Exclusively and Regularly for your Business and

One of the following must apply: Principle Place of Business, Meet or deal with clients/customers, or it is a Separate Structure

FORMS AND PUBLICATIONS FOR RESEARCH

WWW.IRS.GOV

FORMS	PUBLICATIONS
1040	17 Your Federal Income Tax for Individuals
Schedule C	463 Entertainment Expenses
Schedule SE (+\$430)	535 Expenses you can deduct
	587 Business Use of Home