



Professional Golf and the IRS

NO INCOME TAX STATES:

- Alaska
- Florida
- Nevada
- South Dakota
- Texas
- Washington
- Wyoming

HOW AM I TAXED?

As a US resident you must pay US income tax on all taxable income earned worldwide, while non-resident aliens only pay US income tax on income earned in the USA. Once the IRS determines you are a resident alien, you must also pay tax on worldwide income and receive credit for foreign taxes paid. For US residents, any income earned in a state other than your state of residency may be subject to tax in that state. A state of residence is primarily where your permanent residence is located. Resident states typically have the ability to tax all other income depending on the various state tax laws.

RESIDENT ALIEN VERSUS NON-RESIDENT ALIEN

There are two tests to determine if the entity or individual is a non-resident alien:

1. If you are a lawful permanent resident of the USA at any time during the calendar year ("Green Card Test").
2. If you are present for 183 days or more after using the Substantial Presence Test formula.

COMMON INCOME AND EXPENSES

Taxable Income	Deductible Business Expenses	Non-Deductible Expenses
<ul style="list-style-type: none"> ▪ Barter income ▪ Coaching income ▪ Fund raisers ▪ Health insurance paid by PGA/LPGA ▪ Luxury gift bags ▪ Merit bonuses ▪ Non-cash prizes (hole in one) ▪ Personal appearance fees ▪ Pro-Am payments ▪ Sponsorships ▪ Winnings 	<ul style="list-style-type: none"> ▪ Agents & Management fees ▪ Caddie, swing/putting coach ▪ Entry fees and tour fines ▪ Equipment ▪ Massages ▪ Meals while traveling ▪ Professional fees ▪ Some membership dues ▪ Sports psychologist ▪ Tips, i.e. locker room ▪ Travel (gas, tolls, airfare, hotel, etc.) 	<ul style="list-style-type: none"> ▪ Entertainment tickets ▪ Family airfare ▪ Family meals ▪ Gifts to friends/family ▪ Home utilities ▪ Non-business related travel ▪ Non-unique clothing ▪ Personal effects ▪ Personal legal expenses ▪ Personal phone use ▪ Sightseeing

It is vital that supporting evidence and records are kept to substantiate the expenses claimed, including invoices and receipts. Make sure personal and professional records are kept separate.

This bulletin is presented for informational purposes only. Please consult us for application to your specific situation.

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