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Tax Law and 100 Years of New York Giants Season Tickets: A Multifaceted Analysis of One Fan’s Fortune

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Tax Law and 100 Years of New York Giants Season Tickets

A Multifaceted Analysis of One Fan’s Fortune

Casey W. Baker, J.D.
Sports and Tax Law?

• Confluence of money and unique factual situations create issues that the regulatory structure may not contemplate

• Examples from existing literature
  • Record-setting homerun balls: income recognition principles
  • Bobby Bonilla’s contract buyout: intricacies of deferred compensation
  • College athletics: tax exemptions
  • “Bobblehead” giveaways: sales tax triggers
The NFL’s “Fan of the Century”

Greg Hampton, of Williamsburg, Va.

The Prize:
• Two season tickets to New York Giants games for 100 seasons
• NFL TV package for 100 seasons
• Trip to the 2019 NFL Draft
• “Approximate Retail Value” $425,673.00

• Giftable, but NOT SALABLE
What are the Tax Consequences?

Can we punt the tax bill?

• Federal Income Tax
  • Timing
  • Valuation

• Estate and Gift Tax
  • Application of Unified Credit

• State and Local Tax
  • Nexus
  • Administration
Federal Income Tax

• Is a non-monetary prize income? YES.
  • 26 U.S.C. § 74: “[G]ross income includes amounts received as prizes and awards.”

• When should Hampton recognize income to be received in the future?
  • Constructive Receipt Doctrine: Recognize income in the year in which the taxpayer could have drawn upon it at any time.
  • Hampton cannot draw upon the tickets until after July 1 of each year

• Valuation
  • “Approximate Retail Valuation” vs. “Fair Market Value”
  • FMV of tickets that cannot be sold? Questionable, but there is SOME value.
Estate and Gift Tax

• Income Tax concepts do not neatly transfer to Estate and Gift Tax.
  • Timing
  • Valuation

• Two distinct taxes, but commonly analyzed together due to the “Unified Credit.”
  • Can make $11.4 million of non-exempt transfers before either tax is imposed.
State and Local Tax

• Constitutional requirement of nexus
  • Virginia resident, receiving tickets from New York, to go to games in New Jersey
  • Virginia and New Jersey have nexus, New York does not

• Statutory tax administration system
  • Virginia incorporates federal “income” concept into its state scheme
  • New Jersey has developed its own definition of “income”
    • The prize is not within New Jersey’s definition of “income”
So What?

• Sports are supposed to be fun!
  • But someone needs to be ready to sort out the complications

• That is the role of tax professionals!

• The case is a fun way to illustrate multiple tax concepts in a way that researchers, practitioners, and policymakers can build upon
Any Questions?