



DON'T TAX YOURSELF

A Publication of Bowditch & Dewey's Estate, Financial & Tax Planning Group

Olympic Medals and the Tax Man

BY SCOTT C. CASHMAN • AUGUST 12, 2021

As the Tokyo Olympics come to a close and the athletes return to their home countries, it may be time for U.S. athletes to sit down with their tax advisor. The United States Olympic & Paralympic Committee has [pledged to award](#) U.S. medalists in the 2021 Olympics \$37,500 for each gold medal, \$22,500 for each silver medal and \$15,000 for each bronze medal won.

It may come as a surprise to some, but those financial awards for winning an Olympic medal may very well be subject to income tax. The U.S. tax code specifically includes [prizes and awards](#) in gross income subject to income tax. Some refer to this as the “[victory tax](#)”.

Fortunately, many winning athletes will not pay income tax since the tax code exempts prizes and awards from income tax for those athletes making under \$1 million dollars annually. For the lucky few athletes with lucrative endorsement deals such as [Sue Bird or Katie Ledecky](#), they can expect hefty federal tax bills. In the case of Ledecky, she will likely owe over \$44,000 in federal income tax for her 2 gold and 2 silver medals (at the top 37% federal rate). She may even owe state income tax depending on her state of residence. A 2016 effort to end the “victory tax” in California [stalled in Committee](#); it remains to be seen whether a similar effort will take hold elsewhere as a new crop of Olympic medalists return home.