



## Robert W. Wood

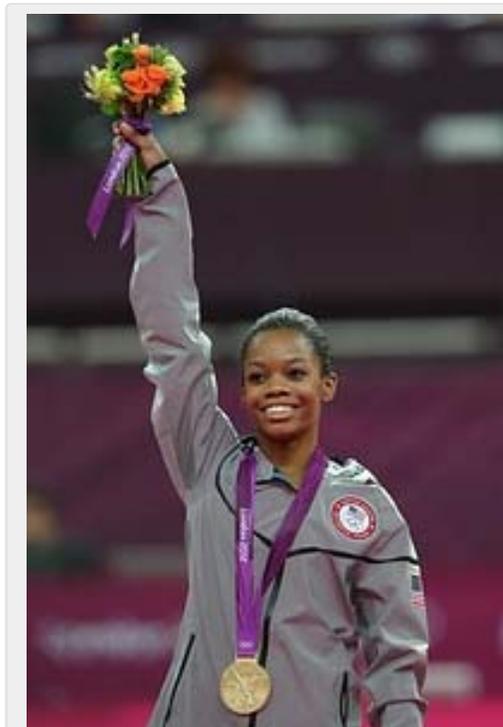
THE TAX LAWYER

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### Even Broke California Joins Tax-Free Olympics Movement

The Olympics are ending, but the tax story won't. U.S. Olympians get \$25,000 for gold, \$15,000 for silver, and \$10,000 for bronze, and it should not be a surprise that it's taxable. A bill introduced by Sen. Marco Rubio (R-Fla.), [S. 3471](#), the Olympic Tax Elimination Act, would eliminate the tax. President Obama [supports](#) it and White House Press Secretary [Jay Carney](#) said the President would sign it.

California's own brand of lawmakers caught up August 8th and proposed a me-too bill (AB 1786) to exempt cash medal payments from state tax too. The bill is sponsored by Assembly members Curt Hagman (R), Allan Mansoor (R), and Chris Norby (R), as well as Sens. Ron Calderon (D) and Lou Correa (D). According to Hagman's office, approximately 25 percent of American Olympians are from California, more than any other state.



LONDON, ENGLAND - AUGUST 02: Gabrielle Douglas of the U.S. celebrates on the podium after winning the gold medal in the Artistic Gymnastics Women's Individual All-Around final on Day 6 of the London 2012 Olympic Games. (Image credit: Getty Images via @daylife)

“I don’t think they are going to be melting down their medals to sell any time soon and we shouldn’t make them do it in order to pay taxes,” Hagman told Tax Analysts. Asked whether similar tax breaks would be appropriate for Nobel laureates, Hagman said, “I’m always in favor of cutting taxes. Nobel laureates are often receiving awards for doing their jobs or professions. In the case of Olympic athletes, many of them are amateurs and are doing it because it’s their passion.”

Prizes and awards are taxed whether you win a drawing, quiz show, beauty contest, lottery, Nobel Prize, or Olympic medal. See [Nobel Prize Brings Tax Bill \(Oh, And Accolades\)](#). You must even report the fair market value of merchandise and products. That can force you to sell them to pay the tax. It’s all [other income](#) on [Form 1040](#), Line 21.

The tax-free-medals-to-American-Olympians movement will surely end with the closing ceremonies. The vast majority of tax bills are introduced but then die on the legislative vine. It’s not that the tax-free-medals is a terrible or malicious idea. It may even be a nice sentiment.

But there are many terrible injustices in the tax law that deserve fixing. The legislative energy could certainly be spent somewhere else.

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*