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Sorry Olympians, Even Nobel Prizes Are Taxed

The tempest in a teapot story about Olympic medals triggering tax seems a little silly. If you are about to rake in millions in product endorsements, is it likely you care if your \$25,000 cash prize is \$16,000 after taxes? I doubt it.

Still, many are rushing to say the cash prizes—\$25,000 for gold, \$15,000 for silver and \$10,000 for bronze—trigger tax and it's a shock, even an injustice! The bigger surprise was that there was any cash at all. These stipends are from the U.S. Olympic Committee not the U.S. government.

Plus, they are chump change compared to what medals actually bring in via endorsements and other income.

Taxes for cash should be no surprise. Since 1986, prizes and awards are fully taxable. The IRS website warns that cash prizes and awards are taxed whether you win a drawing, quiz show or beauty contest. It's the same rule for any cash prize, be it the lottery, a Nobel prize and Olympic medals too. Plus, you must report the fair market value of merchandise or products. It's all [other income](#) on [Form 1040](#), Line 21.



Most people just pay, but you could avoid taxes by declining an award, as George C. Scott did his Academy Award for Patton. See [IRS Is Taxing My Nobel Prize!](#) You can even decline a Nobel Prize and [six Nobel Laureates](#) have done it. See [When You've Got Taxable Income But No Cash](#).

Nobel laureates receive a diploma, a gold medal and cash in Swedish kronor. The amount has been as high as \$1.5 million but is now more like \$1.1 million. See [For Nobel Winners, a Smaller Cash Prize](#). Of course, the prestige is worth far more for the winner and employer too. Some estimate the coveted prize injects \$24 million to an institution's coffers and even adds two years to a [laureate's life!](#) A study by Research Policy suggests having a [Nobel Prize winner](#) is [perfect](#) for an [initial public offering](#). Olympic medals must help too.

Short of declining, there's regifting, as President Obama did with his Nobel in 2009. See [Regifting: Obama, The Nobel Prize And The IRS](#). The IRS explains how in [Revenue Procedure 87-54](#). Still, perhaps sports are different and President Obama [is throwing his support behind a proposal](#) introduced by Sen. Marco Rubio (R-FL) to exempt American Olympic medal winners from paying tax on their winnings.

In a White House Press Briefing, [Press Secretary Jay Carney](#) said the President would sign the bill if it lands on his desk. It doesn't cover endorsement income, nor should it.

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