



IRS Looking At Athletes More Closely

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It's that time of year to do your taxes and if you thought some of what you have to go through is complicated, take solace in the fact that at least you aren't preparing filings for athletes

As president of Geier Financial, a financial investment advisory firm, Joe Geier knows how complicated things are these days.

It started about five years ago when the IRS audited a professional sports team. They found out that athletes weren't paying taxes on the free tickets the teams were giving them. In 2005, the IRS stipulated that players pay taxes on free tickets they leave for friends at family at will call.

"Guys became much more reluctant to take the tickets," said Geier, who is the money manager for about 30 baseball players, including New York Yankees first baseman Mark Teixeira as well as Hall of Famers, Cal Ripken Jr. and Eddie Murray.

That wasn't the end of the trickle down effect.

When the IRS audited one of the team's clubhouse managers, they learned more about the tipping world. Baseball players are required to tip visiting clubhouse attendants about \$25 per game and often tip their own clubhouse guys thousands of dollars by the end of the season. After discovering this, the IRS made sure that these tips were well documented.

That led them to the players themselves, who were writing off \$10,000 tips as business expenses. The IRS wanted to know why. All of a sudden, baseball teams and the union were providing documentation as to why this was considered a standard business expense.

Geier has been in the business since 1984. From 1984-2004, Geier said about 10 of his players' tax returns were audited. In the last five years? "At least 10 players."

"They want to know why a guy paid \$3,000 to rent a house for Spring Training when the team was providing him with a hotel room," Geier said. "The IRS doesn't care when an average person goes on the road and chooses to stay in a Ritz Carlton versus a Holiday Inn."

In order for the IRS not to consider renting a house as an excessive misuse of a business deduction, Geier once again said the union and the teams have started providing documentation as to why this should be considered a standard practice in the business of a professional athlete.

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