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# year-end tax planning for college football fans

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*MSK Client Alert*

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Fans of college athletics may have heard something about tax legislation barreling through Congress this month, and didn't pay much attention since it sounded like boring stuff that only meant something to big tech companies stashing their billions overseas. But buried in the 500 pages of the legislation that has now passed both chambers is a year-end tax planning opportunity for sports fans. Or, more precisely, a tax break that has been available to sports fans for over thirty years will be eliminated starting in 2018.

## **Background**

Generally, when a donor receives a substantial benefit for a payment to charity, that payment is not deductible as a charitable contribution. However, in the case of certain payments to colleges and universities, there were apparently enough Senators from states with strong football schools who came up with a special rule for contributions for which the donor receives the right to purchase tickets or seating at an athletic event. That tax incentive for spectators allows the fan to treat 80% of a payment to a college or university as a deductible charitable contribution, if the payment would qualify as a charitable deduction but for the fact that the fan receives the right to purchase tickets for seating at games.

For example, under this special rule, if an alumnus contributes \$5,000 to his *alma mater* to join the Booster Club, and only Boosters have the right to buy seats in the most desirable section of the stadium or arena that have not been available for purchase by the hoi polloi for generations, the alumnus may claim \$4,000 as a charitable contribution deduction so long as none of the payment is for the actual tickets, but only for the right to buy the tickets.

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## **attorneys**

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