



**The Soccer Referee and Your Tax Return -  
How Do You Handle Your Income and  
Expenses?**

*For 2009 Tax Returns*

**Commonwealth Soccer Officials Association  
Pre-Season Spring Clinic  
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## **What income is reportable?**

- A. Game fees
- B. Travel allowances
- C. Reimbursed expenses if the expense is shown as a deduction

Meals, drinks and other items provided during the time you are refereeing are not considered income.

All fees and allowances received are considered income. Whether paid by check or in cash, all amounts are considered gross income. A Form 1099-MISC for non-employee compensation is required to be provided to any person who is paid at least \$ 600.00 or more by any payers. Failure to receive a Form 1099-MISC does not relieve you of your reporting obligation. It is the responsibility of the taxpayer to account for and report all income received.

## **What expenditures are deductible?**

- A. Travel or mileage (For 2009 the rate is \$0.55 per mile and for 2010 the rate will be \$0.50 per mile) and parking and tolls. Also for 2009, you may be able to deduct sales tax for the purchase of an automobile during the year.
- B. Uniforms and shoes used exclusively for refereeing.
- C. Water, Gatorade, other beverages and snacks consumed while at your assignment.
- D. Laundry expenses for your uniforms.
- E. Referee equipment such as whistles, flags, gear bags, etc.
- F. Generally any expenditure that is exclusive to the business activity such as VHSL and USSF fees and any association dues.

## **What form do I use to report the income?**

- A. Form 1040, Schedule C
- B. Form 1040, Schedule C-EZ

You may use Schedule C-EZ rather than Schedule C if your total expenses for the year do not exceed \$5,000.00 and you have no other self-employed activities to report in your tax return for the year. If this activity is not your principal business activity, you may NOT claim a home office deduction.

### **Can I shelter any of the income in a retirement plan?**

If you are NOT covered by a qualified retirement plan at your regular place of employment you may be able to deduct a portion of your net income from refereeing. You may open or make a contribution to an existing IRA account. You may also make a contribution to an IRA account if you ARE covered by a retirement plan where you work, but the amount may be limited based on your income or phased out completely. For 2009 the maximum contribution is the lesser of \$5000.00 or 100% of your self-employment income. If you are 50 years old or older in 2009, you may increase the maximum allowable contribution by \$1000.00 or \$6000.00.

### **How do I pay Social Security taxes on my net income?**

Complete Form 1040, Schedule SE to pay the applicable Social Security taxes on your net income. The tax is computed on 92.35% of the net income from your Schedule C at a rate of 15.3%. If your net income is less than \$400.00, you do not owe any Social Security taxes ( Self-Employment Tax ). For 2009 if you have wages paid by an employer of \$106,800.00 or more, the rate drops to 2.9%. A deduction of one-half of the Self-Employment tax is allowed on your Form 1040 regardless of whether you itemize your deductions or not.

### **Can I form a corporation and have my fees paid over to the corporation?**

Generally the answer to this is yes. However, in certain situations involving referee associations having the contract to provide referee services to schools, those contracts call for the services of VHSL certified referees. Only an individual can be a VHSL certified referee and as an independent contractor with respect to the association, only the individual referee can be deemed to provide the services. If you have

formed a corporation to provide referee services, you may be able to assign income from refereeing to the corporation if all such income earned is to be turned over to the corporation. The IRS does not require that Form 1099-MISC be provided to an incorporated business for services paid.

### **Can I deduct medical insurance premiums as a self-employed person?**

A 100% deduction of medical insurance premiums is allowed for self-employed individuals. If the referee activity is your principal source of income, such a deduction is allowed. A mere secondary source of income or part-time business does not allow for such a deduction. No deduction is allowed for any portion of a group insurance plan premium provided by your employer, and which you pay, against the referee net income.

### **IRS Publications that may be of assistance.**

- A. Instructions for Form 1040, Schedule C
- B. Instructions for Form 1040, Schedule SE
- C. Publication 590 ( IRA's )
- D. Publication 463 ( Travel, Entertainment & Car Expenses )
- E. Publication 533 ( Self-Employment Tax )
- F. Publication 334 ( Small Business Tax Guide )

All of the above may be found at [www.irs.gov](http://www.irs.gov). All necessary tax forms may be found at the same site.

**This information is intended to be basic and cover only the most common type of situations you may have. It is not intended to be complete and in all cases you should consult your own tax preparer or professional for advice that is appropriate for your particular return situation.**

If you have any questions about information in this handout or any other tax related questions, please contact me at (804) 897-0698 or Email me at [bill@everettsbs.com](mailto:bill@everettsbs.com).