

insights

TYPES NOT MAPPED YET July 24, 2023 | TTR not mapped yet | David J. Kaufman

David Kaufman Explores How NIL Collectives Could Be Tax-Exempt After IRS Curveball

[David Kaufman](#) authored an article for Law360 titled “How NIL Collectives Could Be Tax-Exempt After IRS Curveball,” published July 19, 2023.

The article discusses Nonprofit NIL Collectives, which aim to benefit student-athletes by monetizing their name, image, and likeness. However, the IRS recently released a memorandum stating that these collectives do not serve an exempt purpose under Internal Revenue Code Section 501(c)(3) and are thus not eligible for tax deductions. The IRS argues that the primary beneficiaries of these activities are the student-athletes, and the financial gain does not directly contribute to promoting charitable causes.

In the article, Kaufman points out that to potentially qualify for tax-exempt status, the NIL collectives could restructure to demonstrate that student-athlete compensation is incidental to achieving the organization’s exempt purpose or consider bifurcating into a charitable entity and a for-profit entity. Different hybrid models may also be explored to fund NIL ventures.

[Read the full article here.](#)

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