NIL and Taxes

Quiz answers (same five questions before and after)

1. **Is free gear you get for NIL work taxable?**
   B. Yes, at what it would normally sell for $500 of free shoes counts the same as $500 in cash.
2. **Starting with 2026 payments, a business sends a Form 1099-NEC once it pays you:**
   B. $2,000 It used to be $600. Income under the threshold is still taxable.
3. **Below about $17,300 of profit, about what share of NIL profit covers federal tax?**
   B. 14.1% It is all self-employment tax: 15.3% on 92.35% of profit.
4. **A parent claims you. You must still file your own return once NIL profit reaches about:**
   A. $433 That is where net self-employment earnings reach $400.
5. **A brand sends your NIL pay to your parent. Whose income is it for taxes?**
   B. Yours Money you earn for NIL work is your income.

Worksheet answers

1. A $1,000 NIL deal arrives (a parent claims you, no business costs). About how much do you set aside for federal tax, and how much do you keep before state tax?
   Set aside about $141. Keep about $859.
2. A brand gives you $500 of free shoes for posts. Is that income? At what value?
   Yes. It counts at what it would normally sell for: $500, the same as $500 in cash.
3. Starting with 2026 payments, at what amount must a business send a Form 1099-NEC? Do you owe tax on a $900 deal with no form?
   $2,000. Yes: the $900 is still income you report.
4. What is the self-employment tax rate, and about what share of profit does it come to?
   15.3%, paid on 92.35% of profit, which is about 14.1% of profit.
5. At about what NIL profit must you file your own return, even if a parent claims you? When is a 2026 return due?
   About $433 of profit. April 15, 2027.
6. List three records the lesson says to keep.
   Any three: a log of every payment, every piece of free gear with its value and date, receipts for real costs, every contract, every tax form.

The warm-up and Film Room answer keys are on nychonor.org/academy-teachers#module-03.

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