

WILL PRIORITY SEATING BE A PRIORITY?



Most universities offer a priority seating program for season ticket holders to purchase seats for sporting events held in their athletic venues. The program allows season ticket holders to make a donation to the university in exchange for the opportunity to purchase season tickets. For decades, both the university and season ticket holders have benefitted from the program under section 170(I) of the Internal Revenue Code that allows for 80% of the donation to be treated as a tax deductible contribution and the remaining 20% treated as payment for goods.

Now that the Tax Cuts and Jobs Act has been passed by the House and the Senate, the benefit of the program may no longer be felt by some season ticket holders. Under the proposed legislation, the entire amount given for the right to purchase tickets would be treated as payment for goods and would not provide any tax benefits for the purchaser.

Although the loss of taxable deductions may not matter to the die-hard college sports fan, some universities may notice a decline in the priority seating program donations, which they depend on to help fund their athletic programs. Depending on the tax payer's bracket and amount of the priority seat donation, the deduction amount may not be too significant of a loss to the donor.

To find out exactly how much the deduction would be, HORNE can help.