

119TH CONGRESS
2D SESSION

H. R. 10236

To amend the Internal Revenue Code of 1986 to require income tax withholding at the source for name, image, and likeness payments to independent contractors who are student athletes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 2, 2026

Ms. SEWELL (for herself and Mr. DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to require income tax withholding at the source for name, image, and likeness payments to independent contractors who are student athletes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Protecting Student
5 Athletes from Unexpected Tax Liability Act”.

1 **SEC. 2. COLLECTION OF INCOME TAX AT SOURCE FOR**
2 **NAME, IMAGE, AND LIKENESS PAYMENTS TO**
3 **STUDENT ATHLETES.**

4 (a) IN GENERAL.—Section 3402 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(u) EXTENSION OF WITHHOLDING TO CERTAIN
8 PAYMENTS TO STUDENT ATHLETES CLASSIFIED AS NOT
9 EMPLOYEES.—

10 “(1) IN GENERAL.—For purposes of this chap-
11 ter and so much of subtitle F as relates to this chap-
12 ter, any name, image, and likeness payment to a
13 student athlete shall be treated as if it were a pay-
14 ment of wages by an employer to an employee.

15 “(2) AMOUNT WITHHELD.—

16 “(A) IN GENERAL.—The amount to be de-
17 ducted and withheld under this chapter from
18 any payment to which paragraph (1) applies
19 shall be an amount equal to 30 percent of the
20 amount of such payment.

21 “(B) NON-CASH REMUNERATION.—In the
22 case of remuneration other than cash, the
23 amount to be withheld under this chapter shall
24 be an amount equal to 30 percent of the fair
25 market value of such remuneration on the date
26 of transfer from the payor to the payee.

1 “(3) NAME, IMAGE, AND LIKENESS PAYMENT.—

2 The term ‘name, image, and likeness payment’
3 means remuneration to a student athlete in cash,
4 property, or services for the commercial use of such
5 student’s name, image, or likeness.

6 “(4) DEFINITIONS.—For purposes of this sub-
7 section—

8 “(A) STUDENT ATHLETE.—The term ‘stu-
9 dent athlete’ means an individual who is en-
10 rolled as a full-time student at an institution
11 and who—

12 “(i) makes satisfactory progress to-
13 wards completing a degree, and

14 “(ii) participates in intercollegiate
15 athletic competition or competes for a var-
16 sity sports team as part of the institution’s
17 educational, developmental, or extra-
18 curricular programs.

19 “(B) INSTITUTION.—The term ‘institution’
20 has the meaning given the term ‘institution of
21 higher education’ under section 101 of the
22 Higher Education Act of 1965.

23 “(5) WORKER CLASSIFICATION.—Withholding
24 under this subsection shall not be taken into account
25 in determining whether the payor or payee of a

1 name, image and likeness payment is an employee or
2 an employer for purposes of this title.

3 “(6) EXCEPTION.—A payee may elect to have
4 paragraph (1) not apply, and such election shall re-
5 main in effect until the taxpayer terminates such
6 election.

7 “(7) REGULATIONS.—The Secretary shall pre-
8 scribe such regulations or other guidance as may be
9 necessary or appropriate to carry out this sub-
10 section.”.

11 (b) WAIVER OF UNDERPAYMENT PENALTY FOR NEW
12 STUDENT ATHLETES.—Section 6654(e) of such Code is
13 amended by adding at the end the following new para-
14 graph:

15 “(4) NEW STUDENT ATHLETES.—No addition
16 to tax shall be imposed under subsection (a) with re-
17 spect to any underpayment if the Secretary deter-
18 mines—

19 “(A) that the taxpayer is a student athlete
20 with respect to whom section 3402(u) applies
21 for the taxable year, and

22 “(B) that the addition to tax was not
23 waived under this paragraph with respect to the
24 taxpayer for any prior taxable year.”.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to payments made in taxable years
3 beginning after December 31, 2027.

4 **SEC. 3. IRS REPORT.**

5 (a) IN GENERAL.—Not later than December 31,
6 2029, the Secretary shall report to the Committee on
7 Ways and Means of the House of Representatives and the
8 Committee on Finance of the Senate on the effects of the
9 extension of withholding to payments to student athletes
10 under section 3402(u) of the Internal Revenue Code of
11 1986 (as added by section 1), based on the most recent
12 data that is available.

13 (b) CONTENTS.—The report described in subsection
14 (a) shall include—

15 (1) the results of a study on the costs and bene-
16 fits relating to automatic withholding on the behalf
17 of student athletes,

18 (2) whether the 30 percent withholding rate
19 was beneficial or accurate for the needs of most stu-
20 dent athletes,

21 (3) the rate of payor compliance with the provi-
22 sions of section 3402(u) of such Code (as so added),
23 and

24 (4) such other information as the Secretary de-
25 termines is relevant.

1 (c) SECRETARY.—For purposes of this section, the
2 term “Secretary” means the Secretary of the Treasury (or
3 the Secretary’s delegate).

○