

## USA TODAY Quotes Meghan Biss on the Tax Consequences of Football Coach Changes at the University of Miami

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The University of Miami's football head coaching moves of firing of Manny Diaz and hiring of Mario Cristobal on Monday could end up costing the school close to \$28 million. And the 10-year, \$80 million contract that multiple news media outlets have reported Cristobal as receiving could require millions more.

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That points to Miami treating the buyout to Temple — which multiple media outlets have placed at \$4 million — as taxable income to Diaz and then paying the taxes owed, said Meghan R. Biss a tax attorney in the Washington office of Caplin & Drysdale who previously worked as the technical adviser to the IRS' director of exempt organizations.

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But with Miami appearing to have used the buyout-as-taxable-income method with Diaz, Biss said, "it would be hard to take a different approach" with Cristobal.

Using a standard way to make a basic calculation of the taxes owed in connection with a buyout, a formula involving the federal income and Medicare tax rates is applied (there is no state income tax in Florida). It results in taxes of about \$5.6 million. Biss said some strategies can be used to lower the amount or stretch it out over time, but "there is going to be tax consequence no matter how they do it."

And, Biss points out: "Schools are more interested in high-performing coaches than (they are in) the tax consequences that will derive from the transaction. There are enough dollars involved for the university that I don't think the tail is going to be wagging the dog in terms of what they're going to pay in taxes having an effect on how to structure" the deal.

For the full article, please visit *USA Today's* website (subscription required).

### **Attorneys**

Meghan R. Biss

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