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Here's the Tax Beat broadcast for June 17

Subject Line: Nothing But Net Gains

Turn the dial on the Wayback Machine to 1973. Richard Nixon has just begun his second term, the last American combat troops have finally come home from Vietnam, and a little burglary at the Watergate is about to turn "I am not a crook" into a national punchline. Inflation is chewing through paychecks, and soon an OPEC oil embargo will send gas prices through the roof and wrap lines of Pintos and Gremlins around every filling station in America. Sound familiar? Swap the Pintos for EVs and the embargo for the latest Iran flare-up rattling oil markets, and 1973 starts reading like this morning's headlines. But in the middle of all that turmoil, New York has one thing to cheer about: in May, Walt "Clyde" Frazier, Willis Reed, and the Knicks knock off the Lakers to win the NBA championship.

Then they waited. And waited. Fifty-three years later, on Saturday night, the Knicks finally did it again, closing out the San Antonio Spurs in a thrilling comeback from a game-long deficit, to claim their first title since Clyde was patrolling the backcourt. The city lost its mind, and so did the resale market. A single seat at Madison Square Garden for a Finals game ran north of $3,500. The average ticket that actually sold went for $7,683. And one pair of courtside seats changed hands on StubHub for a cool $279,804 — roughly the price of a starter home in places that jaded New Yorkers dismiss as "flyover country."

Which raises a question nobody at the watch party was asking: what about all those season-ticket holders who bought their packages months ago for a few grand, and just flipped single Finals games for ten times that? They pocketed a windfall that would make Jalen Brunson's jaw drop. And come next April, a good number of them are in for a surprise that has nothing to do with basketball.

Here's where it gets interesting, though. You would think a five-figure score on StubHub would trigger a tax form. For years, that's exactly where things were headed, with a dreaded $600 reporting threshold set to land in 2026. Then the One Big Beautiful Bill Act yanked it back. For 2025 and 2026, a platform only has to send you a Form 1099-K if you cross both $20,000 in payments *and* 200 transactions. Flip four seats to Game 5? No form is coming. Cue the sigh of relief.

That sigh is the trap. The form changed; the law didn't. That windfall is still one hundred percent reportable income, 1099-K or no 1099-K. Your gain is the sale price minus what you paid for the seats, reported on Form 8949 and Schedule D. It's taxed at ordinary rates if you held the tickets less than a year — which you did. And if you flip tickets as a business, congratulations: now it's Schedule C income and you're subject to self-employment tax.

One more wrinkle. New York follows the federal reporting threshold, so a Manhattan flipper sees no form below $20,000. But cross the river to New Jersey, and the Garden State threshold is just $1,000. Sell a single $3,500 seat from Hoboken, and a form may very well land in your mailbox. The lesson for the rest of us is simpler: “I didn’t get a form” has never once been a tax strategy.

Clyde Frazier built a Hall of Fame career on stealing the ball at exactly the right moment — and right now the IRS is lining up to swipe a slice of your championship payday whether a form shows up or not. Call us before April, and we’ll help you keep more of those net gains than the taxman thinks you deserve!

Kevin