



Mayweather's Next Fight

Even if they are not boxing fans, nearly everyone in the world surely knows about the recent fight between boxer Floyd Mayweather (shown) and mixed martial artist Conor McGregor that Mayweather won via TKO in the 10th round. What people may not know, and may never have even considered, are the tax consequences of the fight.



The 40-year-old Mayweather, who came out of retirement to fight McGregor, has announced that he is retiring again, this time with a perfect 50-0 record. But Mayweather will fight again, soon, and against a formidable opponent — the Internal Revenue Service (IRS).

Turns out that Mayweather owes the IRS [\\$29.4 million](#) in back taxes — \$7.2 million from 2010 and \$22.2 million from 2015, when he earned \$200 million for a fight against Manny Pacquiao. Mayweather filed a Tax Court petition on July 5 asking the IRS to allow him a reprieve until the August 26 fight. It stated in part: “Although the taxpayer has substantial assets, those assets are restricted and primarily illiquid. The taxpayer has a significant liquidity event scheduled in about 60 days from which he intends to pay the balance of the 2015 tax liability due and outstanding.”

So, just [how much](#) does Mayweather stand to make from his recent fight? Before the historic fight, the Nevada State Athletic Commission revealed that Mayweather would earn a minimum of \$100 million and McGregor would pocket at least \$30 million. Telegraph Sports estimated the total payouts to be \$230 for Mayweather and \$70 million for McGregor. Others have estimated that Mayweather may be taking home \$300 million and McGregor \$100 million.

But not only will Mayweather have to pay his huge IRS tax lien with his winnings, he will also owe millions next year for his 2017 taxes.

Because he makes so much money, Mayweather is in the top tax bracket. This means that all of his income over \$418,400 is subject to a 39.6-percent tax (if he were married, the threshold would be \$470,700). Another way the government targets “the rich” is through the phase-out of tax exemptions, deductions, and credits. This means that their value is reduced as income rises, and in some cases they are disallowed altogether. A taxpayer is entitled to a personal exemption of \$4,050 for himself and his dependents, but not Mayweather, since he will make over \$384,000. Mayweather can claim a standard deduction of \$6,300, but if he itemizes deductions he will be subject to assorted limits and phase-outs because of his high income. Additional, if Mayweather has any student loan interest it will not be deductible. He will also make too much money to take advantage of education tax deductions and credits, child tax credits, the child and dependent care credit, the retirement savings contributions credit, and the earned income tax credit.



Written by [Laurence M. Vance](#) on September 5, 2017

And then there are Social Security and Medicare taxes. Mayweather will probably not owe any Social Security tax since it is only levied on the first \$127,200 in earnings for the year, an amount that he has certainly made already. However, all of his income for the year will be subject to a Medicare tax of 2.9 percent, plus an additional 0.9 percent Medicare surcharge tax on income over \$200,000.

Mayweather will owe tens of millions to the IRS next year. The only good thing about taxes that can be said when it comes to the Mayweather/McGregor fight is that the state of Nevada (where the fight was held) has no income tax. Perhaps there is a reason why over half of Mayweather's 50 fights have taken place in Nevada.

But it's not just Mayweather who is being squeezed by the IRS.

According to [data](#) recently released by the Bureau of Labor Statistics, "Americans on average spent more on taxes in 2016 than they did on food and clothing combined." From 2013 to 2016, "the average tax bill for Americans increased 41.13 percent."

The income tax accounts for the greatest part of this. And as Old Right stalwart Frank Chodorov (1887-1966) explained in his book *The Income Tax: Root of All Evil* (1954), the income tax means that the state says to its citizens:

Your earnings are not exclusively your own; we have a claim on them, and our claim precedes yours; we will allow you to keep some of it, because we recognize your need, not your right; but whatever we grant you for yourself is for us to decide. The amount of your earnings that you may retain for yourself is determined by the needs of government, and you have nothing to say about it.

It is just as outrageous that regular Americans have to hand over such a large portion of their income to the government as it is that rich Americans like Mayweather have to. And especially when the vast majority of what the government spends its revenue on is clearly in violation of the Constitution.

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