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Boxer Manny Pacquiao: 'I Am Not A Criminal Or A Thief'

Boxing has rules. So do laws, even tax laws. Yet famed Filipino boxer [Manny Pacquiao](#) can cry foul. As he tries to work out a tax dispute, the world-champion boxer and icon of the Philippines had accounts in two banks frozen. The Philippine tax authorities say they are trying to collect 2.2 billion pesos (\$50.3 million) in unpaid taxes, interest and penalties. See [Pacquiao's Bank Accounts Seized in Philippine Tax Row](#).



Manny Pacquiao during the opening ceremony of the NCAA Season 87 at the Araneta Coliseum. (Photo credit: Wikipedia)

This is hardly the first round in the long-running tax dispute. It even led to his wife's accounts being frozen. The Philippines Bureau of Internal Revenue issued a warrant to 36 banks to seize Pacquiao's assets after it claims he failed to prove he paid taxes in the U.S. The dispute is all about what he earned for boxing in the U.S. and what was taxed where.

So far, rather than official IRS documents, the boxer's promoter, Top Rank Inc., has evidently submitted correspondence showing that he did pay U.S. taxes via withholding. The promoter says it also asked for certification from the IRS months ago, but notes that such documentation takes time. See [Manny Pacquiao's Promoter Says Fighter Will be Vindicated Over Tax Dispute](#).

The versatile boxer has won world boxing championships in eight weight classes. The world-class athlete is also a lawmaker representing Sarangani province. Still, Philippine tax authorities want him to produce his U.S. tax records. For many, paying tax in multiple states or countries and divvying up income might sound like a nice problem to have.

But sometimes being taxed more than once really smarts. In fact, some professional athletes are so worried about taxes that they decline to play in certain locations. In early 2013, Michael Koncz sparked controversy by stating that Mr. Pacquiao would likely avoid fighting in the U.S. because of its high taxes. Fighting outside the U.S. and in lower tax rate countries simply makes sense.

As coined by Prof. Paul Caron, [Manny Pacquiao's Next Fight: The Tax Man](#). The Wall Street Journal noted that Mr. Pacquiao had 14 fights in the U.S., and then specifically ***did not*** want to return. Our 39.6% rate is hard to swallow. See [Pacquiao Wins, Uncle Sam Loses: The Filipino Champ Says Tax Rates Matter](#).

Because Pacquiao is neither a U.S. resident nor a citizen, he will not pay U.S. tax on monies earned elsewhere. Foreign athletes must file U.S. income tax returns and face [special withholding rules](#). They generally must pay U.S. income tax on their U.S.-source income.

What is considered U.S.-source can be debated but includes pay for performances, endorsements, merchandise sales, and royalty or other income closely related to the event. The IRS has a [special program](#) targeting foreign athletes and entertainers. Depending on an athlete's home country, treaty benefits may apply.

Even so, disputes are common about how much income to allocate to particular countries and where endorsement earnings should be taxed. For example, South African golfer [Retief Goosen](#) twice won the U.S. Open. His success rate wasn't quite as good in U.S. Tax Court. See [Goosen v. Commissioner](#).

Goosen's case concerned what was U.S.-source income subject to tax by the IRS. Mr. Pacquiao's case may be simpler. The fighter claims to have paid the correct taxes in the United States. He also says he was not required to pay additional tax in the Philippines under a treaty preventing double taxation.

“I am not a criminal or a thief,” he said. “The money ... is not stolen... This came from all of the punches, beatings, blood and sweat that I endured in the ring.”

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