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### Lance Armstrong, Oprah And The Multimillion Dollar ‘Confession’

Lance Armstrong’s orchestrated ‘confession’ sure was a long time coming. It may not mend any fences and given the less than contrite nature of many of his answers, the whole fiasco hardly seems likely to gain him much sympathy. Yet there’s no question the athlete is trying to make a little lemonade out of the lemons. Oprah Winfrey’s exposure and gravitas can’t hurt.



Lance Armstrong's reported admission to Oprah Winfrey that he used performance-enhancing drugs likely means he will go down in history as the most brazen drug cheat the sport has ever seen. The disgraced American cyclist's comments, reported Jan. 14, 2013 by USA Today, rewrite 14 years of deception and repeated denials that he used banned substances to win scores of international races, including the Tour de France 7 times. (Image credit: AFP/Getty Images via @daylife)

Yet financially, much remains to be decided. No matter what, though, it’s clear Armstrong will have to dole out a lot of money. Apart from all his now sullied race winnings, there’s all that sponsorship money. And giving back money could make Armstrong feel empathy for Wall Street where clawbacks were born.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ([PL 111-203](#)) and the [Sarbanes-Oxley Act](#) both allow clawbacks of money.

Armstrong can expect a long line of people with their hands out. Take Tailwind Sports, which had insurance contracts paying Armstrong over \$12 million in performance bonuses. \$5 million was for Armstrong's fifth consecutive title in 2004.

Given the drug use rumors, [SCA Promotions](#) tried to avoid paying but an arbitration forced it to pay up, even adding \$2.5 million in interest and attorney fees. SCA Promotions won't be the only wronged party trying to recover. Armstrong is [reportedly](#) in talks with the U.S. Postal Service to repay at least some sponsorship moneys. Even foreign governments have said [there's no hope of getting our money back from Lance Armstrong](#).

These repayments aren't going to be easy on Armstrong's taxes either. When you've received income in past years, not everything can simply be undone. See [Sell Then Rescind? IRS Respects Some Do-Overs](#). Claiming tax deductions for giving back pay isn't simple. Deductions may only be of the miscellaneous itemized variety subject to a 2% threshold and to alternative minimum tax (AMT). See [Will Everyone Pay AMT Next Year?](#)

Amending prior tax returns? Perhaps, but usually only within three years of the original filing or within two years after the tax was paid, whichever is later. See [Even The IRS Has Time Limits](#). Besides, amending prior returns is to address **mistakes**, not events occurring the next year. See [5 Simple Rules to Follow When Amending Your Tax Return](#).

Armstrong reported income when he had a right to it. Later, it turns out he didn't have that right after all. That means he may be able to rely on [Section 1341](#) of the tax code. It is a quirky provision but might turn out to be Armstrong's best way of making lemonade out of the lemons.

Armstrong quite evidently does not even remember all the people he's sued, many of whom were telling the truth. If Armstrong doesn't already know, he's likely to learn that in taxes as in life, you can never entirely go back.

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