

Social Media Influencer Expenses Not Deductible

Cross References

- *Sami*, T.C. Memo. 2026-69

During 2019, 2020, and 2021 (the tax years at issue in this case), the taxpayer was a full-time employee of JetBlue in its IT department. He also owned an LLC treated as a disregarded entity that provided transportation services, event ticket sales, and social media influencing. He reported gross receipts of \$169,532 for 2019, \$93,229 for 2020, and \$133,252 for 2021 on his Schedule C. While the taxpayer currently earns about \$25,000 annually from the social media influencing part of his business, none of his reported income on Schedule C during 2019, 2020, and 2021 came from social media influencing.

The taxpayer has social media accounts on TikTok, Instagram, and X. As of October 23, 2025, his followers for these three accounts were around 520,000, 140,000, and 4,200, respectively. The record is not clear, however, as to how many followers he had during 2019, 2020, and 2021.

Instagram and TikTok make money by selling advertisements which they show to users in between showing them pictures or videos created and uploaded by their users. Both companies share a portion of this advertising revenue with some of the most popular users who create and upload the content surrounding the ads.

Over the years, the taxpayer has met many famous people, including President Donald Trump, Kobe Bryant, Kanye West, Ice Spice, Tom Brady, and former Presidents Bill Clinton and Barack Obama. The taxpayer's interactions with such celebrities were largely the result of attending events with tickets he purchased at charitable galas and the like. During the years at issue, he paid \$10,000 for two tickets to the Grammys and \$2,700 for two tickets to the Emmys.

He paid to meet movie stars. He paid \$8,912 to meet Benedict Cumberbatch, \$4,151 for Matt Damon, and \$2,600 for Mark Ruffalo. He paid \$2,025 for a personalized video message from Chris Evans. He paid \$6,500 to attend Tiger Jam 2019, a charity event hosted by Tiger Woods. He likewise paid to meet athletes, including to catch a pass from Tom Brady, catch a pass from Drew Brees, return a serve from John McEnroe, and a one-hour training and lunch with mixed martial artist Chuck "The Iceman" Liddell.

He also paid to enter lotteries, the winners of which would get to attend desirable events or interact with celebrities. For example, he paid at least \$50 for a chance to walk the red carpet with actor Tom Holland and attend a Spider-Man film premiere.

Some of his purchases were for celebrity-related memorabilia.

He did not pay the celebrities or the event organizers directly. Instead, he paid charities, to which the celebrities were donating their time.

At these events, he would take pictures and videos and later post them to his social media accounts. Some of these postings had positive consequences for his business further down the road. For example, when he posted a picture of himself with Tom Holland, he got more attention from people, including messages from those who wanted to learn how they could meet Tom Holland or his then-girlfriend Zendaya. This was good for the taxpayer's business because, on social media platforms, increased attention means more views, which in turn can lead to greater shared advertising revenue.

The taxpayer originally deducted the above expenses on Schedule A as cash charitable contributions. The IRS disallowed the deductions during an audit because they failed to meet all the requirements for a deduction under IRC section 170(a). Before the Tax Court trial, the taxpayer filed Form 1040X, *Amended U.S. Individual Income Tax Return*, taking the position that these were business expenses related to the social media influencing portion of his business. He claimed a deduction on Schedule C for "marketing events and marketing charity" equal to \$42,762 for 2019, \$38,806 for 2020, and \$15,937 for 2021. At issue before the court was whether these were deductible business expenses or non-deductible personal expenses.

The court's analysis began by stating that a person paying to attend the Grammys, or catch a pass from Tom Brady, or return a serve from John McEnroe might not be doing so primarily for business reasons, but rather for a desirable personal experience. The taxpayer did not initially claim or view the expenses as marketing ones, and it is likely that he derived considerable personal status from these brushings with the famous.

The taxpayer argued that these celebrity interactions had positive consequences for his business. Pictures and videos of these interactions increased his views and followers, which eventually purportedly increased his advertising revenue.

The court stated this is not dispositive, because the question is not whether the expenses had any effect on his revenues. If that were the standard, it would be met by countless clearly personal expenses, such as a comedian getting good material for her standup act while on a European vacation. Instead, the question is whether these expenses meet the necessary conditions of being primarily undertaken for business, instead of personal reasons.

The taxpayer also argued that these expenses are usual and ordinary expenses for influencers. Disney-focused influencers, for example, pay to go to film premieres so they can then post videos and images of the premieres and generate income. The court stated this may be, but even if the taxpayer's expenses are typical influencer expenses, they are still not deductible under IRC section 162(a), since they were not incurred primarily for business purposes.

The court noted that the taxpayer did not receive payments from social media companies during the tax years at issue. At best, such expenses would more likely be startup expenditures that must be capitalized under IRC section 195. This would require much more legal analysis than what the taxpayer presented as evidence before the court.

The court also noted that the taxpayer did not provide enough substantiation for most of the expenses. For example, for 2021, the taxpayer reported one line from his credit card

statement as "11/16/2021 (CR) TM *TICKETMASTER LOS ANGELES CA \$(1,661.57)." There is no receipt, description, or other specific evidence about this expense. The taxpayer listed this line under the category "marketing event," but such pleadings are assertions, not evidence. At trial, the taxpayer stated in general that he made payments to boost his business, but that says nothing about this particular payment. He provided no testimony or written evidence concerning what this \$1,661.57 bought, or of any posts he made with his social media accounts that were based on this expense. Most of the line items for other reported expenses had even less informative descriptions than this Ticketmaster one.

The court ruled that the taxpayer was not entitled to deduct any of his reported marketing event expenses as business deductions.