

TAX RULINGS AFFECTING GOLF

By

WM. WARD FOSHAY
USGA Executive Committee

The following information concerning the application of certain federal taxes is considered of possible interest to golf clubs and associations:

Criteria for Exemption

Revenue Ruling 58-589 discusses the criteria for determining whether an organization qualifies for exemption from Federal income tax under Section 501 (a) of the Internal Revenue Code of 1954.

Condition of Membership

Revenue Ruling 58-493 is to the effect that where ownership of a lot within the boundaries of a club is a requirement for membership in the club, the amount paid for the lot, whether directly to the club, to a retiring member or by a co-owner to his partner, is taxable as an initiation fee, but that where a cottage has been erected on a lot, the tax applies only to the price of the lot. Further, an annual assessment against the lot is subject to the tax on dues.

Life Memberships

Temporary rules have been issued explaining the new method of taxing life memberships under the Excise Tax Technical Changes Act of 1958. They indicate the importance of an election to be made by life members and should be called to their attention.

Services in Lieu of Dues

Revenue Ruling 58-494 states that a member of a club who performs services for the club and thus relieves himself from paying dues is nevertheless taxable in an amount equal to the tax paid by other members.

Unrelated Business Income

Revenue Ruling 58-502 is to the effect that an association formed to promote the best interests of a game and exempt from Federal income tax under Section 501 (c) (6) of the Internal Revenue Code of 1954 is not subject to the unrelated business income tax on income derived from the operation of championship tourna-

ments, the grant of radio and television broadcast rights, and the sale of publications relating to the rules of the game.

USGA FILM LIBRARY

"St. Andrews, Cradle Of Golf," a 14-minute, full color, 16m.m. travelogue of historic St. Andrews, Scotland, its Old Course and the Royal and Ancient Golf Club clubhouse.

"First World Amateur Team Championship for Eisenhower Trophy," a 14-minute, full color, 16m.m. film of the first World Amateur Team Championship at St. Andrews, Scotland. Twenty-nine countries compete for the Eisenhower Trophy.

"On the Green," a 17-minute, full color, 16 m.m. presentation filmed at the Mid-Ocean Club, Bermuda, illustrating correct procedures under the Rules of Golf governing situations arising on the putting green.

"Golf's Longest Hour," a 16 m.m. full color production, running for 17½ minutes, depicting the closing stages of the 1956 Open Championship. Filmed at the beautiful Oak Hill Country Club, Rochester, N.Y., it shows the eventual winner, Cary Middlecoff, set a target at which Ben Hogan, Julius Boros and Ted Kroll strive in vain to beat.

"Play Them As They Lie," a 16 m.m. color production, running for 16½ entertaining minutes, in which Johnny Farrell, the Open Champion of 1928, acts as intermediary between Wilbur Mulligan, a beginner of unimpeachable integrity, and Joshua P. Slive, a past master in the art of breaking the Rules. The film was made at the Baltusrol Golf Club, Springfield, N. J., where Farrell is professional.

"Great Moments In Golf," gives the viewer an opportunity to see the many interesting exhibits in "Golf House," USGA headquarters in New York, and to re-live golf triumphs of the past with many of the game's immortals. The film is a 16 m.m. black and white production and runs 28 minutes.

"The Rules of Golf—Etiquette" also has proved popular. The film stresses the importance of etiquette by portrayal of various violations of the code in the course of a family four-ball match. Ben Hogan appears in several scenes, and Robert T. Jones, Jr., makes the introductory statement. A 16 m.m. color production, the film has a running time of 17½ minutes.

The distribution of all seven prints is handled by National Educational Films, Inc., 165 West 46th Street, New York 36, N. Y., which produced the films in cooperation with the USGA. The rental is \$20 per film; \$35 for two; \$50 for three, \$60 for four and \$70 for five, in combination at the same time, including the cost of shipping prints to the renter.