

FEDERAL TAX LIABILITIES ON CALCUTTA POOLS

By

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Clubs as well as hotels and other organizations would do well to study the Federal tax laws before running a Calcutta pool in connection with a golf tournament or other sports event.

If part of the proceeds of such a pool are retained by the club to meet any kind of expense, the club has received a direct benefit and the pool will be considered by the Treasury Department as having been conducted for profit.

Moreover, even if the club does not retain any portion of the pool, the Treasury has ruled that "it must be assumed that . . . there is an expectancy of other benefits, such as advertising and establishment or increasing attendance at a tournament to which there are charges for admission." It is considered by the Government that this expectancy of indirect benefits constitutes "profit" for purposes of the wagering tax. See Revenue Ruling 56-72.

On Individuals

What are the wagering tax consequences of running a pool for profit?

First, the club as operator of the pool is liable for the wagering excise tax of 10 per cent of the total of the amount for which the tickets on players are sold and the amount for which the players are auctioned. Section 4401, Internal Revenue Code of 1954.

Second, not only the club as operator of the pool but each individual (including officers) who receives wagers on the club's behalf is liable for the special \$50 tax imposed by Section 4411 of the Code.

Third, it has been ruled by the Treasury that, as to each winner of \$600 or more, an information return on Form 1099 must be filed by the club, on pain of a penalty which could run to \$1,000 under Section 6652 of the Code.

Clubs contemplating the operation of a Calcutta pool in connection with a tournament may well conclude that the bene-

fits to be derived aren't worth the assumption of these tax responsibilities.

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. Slye, 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.