

in England this year, and with British pro and amateur golfers and newspaper men having high regard for what Harlow has done for international golf. Trevor Wignall, whose paper has 2,000,000 daily circulation, confesses the inability of British golfers to understand why the star salesmen of tournament golf whose efforts have profited pros in the United States, Great Britain, Australia, France, Germany and Japan, should be summarily discharged shortly prior to the Ryder Cup matches, the major event in international pro golf.

No one yet knows why Harlow was discharged. The issue has been clouded by

many fogs, and pros and public apparently want to see pro golf clear out in the sunlight.

Paul Mickelson, a sportswriting star on the Associated Press staff, referred in a story to Harlow as the Ziegfeld of pro golf, the fellow who glorified the pro and staunchly championed pros as "gentlemen sportsmen", a classification previously regarded as being restricted to the asterisked Mistfers. And very much as gentleman sportsmen all the pros would like to know what this Jacobus-Harlow fight is "all about".

NO S. S. TAX ON CADDIES

By KARL SUTPHIN

Bag-toters Employees, But Not Taxable Under Social Security Act, Is Ruling

GOVERNMENT authorities have revised a ruling that originally made caddies subject to taxing provisions of the Social Security Act. Ruling was secured by Harry E. Kreuger, 1936 manager of the Minikahda club, Minneapolis, and details of the case are shown in following excerpts from letters of the office of Commissioner of Internal Revenue.

Under date of July 4, Charles T. Russell, deputy commissioner, wrote Kreuger as follows:

"You desire a ruling as to the liability for the Federal unemployment tax on the compensation of caddies who serve members of the club. You state as follows:

"1. Caddies are not employees of the club, but of the members who compensate them either in cash or through payment by the club for the account of the members.

"2. Caddies are employed only on behalf of the members who use their services.

"3. Caddies receive no compensation unless they actually perform services for some individual member in the capacity indicated. That is, where they report for duty and there is no member requiring their services, they receive no compensation.

"4. Compensation for service is paid by the club cashier for the member and charged directly to the members account."

"The tax imposed by Section 901, Title IX, of the Social Security Act, effective January 1, 1937, is upon every employer of eight or more with respect to having individuals in his employ during the calen-

dar year and the measure of the tax is the total wages payable by the employer with respect to employment. The term 'employer' does not include any person unless on each of some twenty days during the taxable year, each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether or not the same moment of time) was eight or more. The term 'employment' as used in Title IX means any service of whatever nature performed within the United States by an employee for his employer with certain exceptions not material in your case.

"In this connection your attention is invited to article 205 of Regulations 90 which defines the terms 'employee' and 'employer'. This article reads in part:

"Generally the relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which the result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but how it shall be done. In this connection, it is not necessary that the employer actually

direct or control the manner in which the services are performed; it is sufficient if he has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer are the furnishing of tools and the furnishing of a place to work to the individual who performs the services. In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result, he is an independent contractor, not an employee.

"The measurement, method, or designation of compensation is also immaterial, if the relationship of employer and employee in fact exist.

"It is accordingly held that the caddies are employees of the club within the meaning of the Act and you will be required to pay the tax imposed by Section 901 of the Act."

However, a later letter, dated December 2, 1936, revised the earlier ruling and set forth conditions exempting caddies from the tax provisions of section 901 of the Social Security Act. The letter of December 2:

"Reference is made to office letter of July 24, 1936, in reply to your letter of June 12, 1936, holding that caddies are employees of the club within the meaning of the Social Security Act and that you will be required to pay the tax imposed by section 901 of the Social Security Act.

"Section 901 of the Act reads, in part, as follows:

"... every employer . . . shall pay . . . an excise tax, . . . equal to the following percentages of the total wages . . . payable by him . . ."

"Article 207 of Regulations 90, issued pursuant to Title IX of the Social Security Act, reads, in part, as follows:

"... Thus, salaries . . . fees . . . are wages within the meaning of the Act if payable by employer to his employee as compensation for services not excepted by the Act. . . ."

"Your letter states that the caddies receive no compensation unless they perform services for some individual member as a caddie, and that the compensation for caddie service is paid to the caddie either directly by the playing member in cash,

or by the club for the account of the member.

"It appears, therefore, that you do not pay the caddies a salary, that such compensation is received from the member players either directly or indirectly by you acting as the agent of the player in making the payment and charging the amount to the player's account.

"Office letter of July 24, 1936, is amended as follows:

"It is held that, although the caddies are your employees, you will not be required to pay the tax imposed by section 901 of the Social Security Act relative to payments made to caddies for services performed by them for your members when such payments are made directly by the member player or when it clearly appears that you, in making the payment, are acting as the agent of the member and are in no way obligated to make such payment but do so merely as a convenience or service to the member player.

"If the caddie performs any special services for you for which you become obligated to compensate him, the compensation for such service will then be subject to the tax imposed by section 901 of the Act."

A SERIES of 10 lessons in the fox trot, tango and rhumba is being given members of Bonnie Briar CC (NY Met. district) by instructors from the Arthur Murray studios. Two classes, each limited to 15 couples, are conducted; one for beginners and one for advanced pupils.

This interesting feature of a country club winter entertainment program is announced in the usually clever manner of Bonnie Briar printed matter. This club's announcements to its members are by a long margin, consistently the best of any country club in the nation.

TOMMY SHANNON, brisk young businessman pro at Glen Oaks GC, Farmington, Mich., sold shares on himself for the 1935-36 winter circuit. Members who bought shares to finance Tommy's trouping were to be repaid out of the Shannon prize money. Tommy didn't make enough prize money to pay back his share-holders but he paid them off in cards good for lessons as a special series rate, or in credits on shop merchandise.

The smart Shannon lad also made a good play on lesson series cards as Christmas presents.