

## Watch for This!

Every golf club in the United States is being mailed our annual form card on which space is provided for names of each club's operating personnel entitled to receive GOLFDOM. Please give this your prompt attention.

Unless we receive up-to-date information on those who are actively engaged in duties concerned with your golf club's operation we cannot continue mailing GOLFDOM.

If your club failed to receive our form card or misplaced it — use our form you'll find on Page 142 in this issue. Regulations of our circulation auditing association require us to show that the names to whom GOLFDOM is mailed are up-to-date. Lacking this information we are instructed to stop mailing GOLFDOM to old names on our list.

To make certain your 1956 officials and operating heads receive GOLFDOM—fill-in the form and mail it—today—please.  
Thank you.

GOLFDOM

### USGA Seniors at Ridgewood

The 1957 Senior Amateur Championship of the USGA will be played at the Ridgewood (N. J.) C.C., from Sept. 30 through Oct. 5.

## Explodes Myth of Tax Exemption for Clubs

At a recent meeting of club managers of the Washington State Federation of Clubs, Eric H. Wiles exploded some of the popular misconceptions related to the tax-exempt status of golf, athletic and fraternal clubs. Here are excerpts from his speech:

"I am going to try to explode the myth of tax exemption.

"You have all heard that clubs are tax exempt; that is, the athletic, sporting and fraternal variety, if they are operated solely for that purpose and no individual gets any profit from them. They are supposed to be exempt, but it just isn't so.

"A golf club's payroll, just like an industrial firm's payroll, is subject to two principal taxes: old age benefits, which costs the club two per cent, and unemployment compensation, which costs the club around three per cent. Boeing pays similar taxes at the same rates, so clubs have no tax exemption there.

"An athletic club's property is subject to real and personal property taxes assessed in the same manner and at the same rates as would be paid by General Motors, so there is no tax exemption there.

### Pays on Gross

"An Elks club food sales are subject to the same excise taxes — state and city — as are those of a hotel, so there is no tax exemption there.

"You may say that I am evading the issue, and that what is meant by tax exemption is freedom from *income* tax. Well, I'm not sure that is completely true. Let's

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take a look at the situation.

"If you operate a grocery store as a corporation and have a net profit of \$25,000 you pay income tax at the rate of 30 per cent. If you operate a golf club and have dues income of \$25,000 you pay dues tax at the rate of 20 per cent. But notice that the grocery store is taxed only on its net income after all expenses, whereas a golf club pays tax on its gross without deduction for expenses. Which is the heavier tax, 30 per cent on the net or 20 per cent on the gross? I think the answer to that is self-evident, and I don't think it changes matters any to say that in the case of the grocery store, the store pays the tax whereas in the case of the golf club the tax is paid by the members. The income tax is just as surely in the price you pay for groceries as the dues tax is in the amount you pay for dues.

"What is it about dues that make them taxed so heavily? The dues tax was first imposed in 1926. Probably you all remember that even during the depression years of the 30's dues were taxed at a relatively high rate of 10 per cent. In 1940 there was a "temporary" wartime increase to 20 per cent. That temporary war-

time emergency lasted a long time and although some of the wartime increases in various excise taxes were removed last year, the tax on dues has stayed at its high level. Obviously, those who levy the taxes have forgotten us.

### Travel in Fast Company

"Why is the rate so steep? Well, dues are in pretty fast company. They travel with the fur set, the perfume set, the liquor set and the tobacco set — luxury items all. The reason that the rates are so high is that these taxes are paid often and in relatively small amounts. If you knew what the annual excise tax bill was you would probably holler your heads off, and politics being what they are, if you hollered hard enough and long enough and if there were enough of you, you would probably get some relief.

"There is one class of dues payers, you know, who have done just that. They are politically powerful and their dues are not subject to any kind of tax. Your clubs pay more taxes of all kinds, in relation to their size, than the Chrysler Corp. Think that over. I hope I have exploded the myth of tax exemption."