

Amend Excise Tax to Include Exemption of Initiation Fees

THE Excise Tax Technical Changes Act, which became effective Jan. 1, 1959, (GOLFDOM, October, 1958, p. 36) has been amended by the House and Senate to clarify ambiguities which had arisen in the interpretation of the Act and to provide additional exemptions. The bill in which the amendments were incorporated was signed by President Eisenhower on September 21.

As passed by Congress in August, 1958, the Technical Changes Act provided removal of the 20 per cent federal tax on assessments for capital improvements involving construction or reconstruction of clubhouses, golf courses, maintenance and other buildings, swimming pools and tennis courts.

Experience under the exemption, however, suggested the desirability of several refinements. Reference only to exemptions for "assessments" for capital improve-

Copies of Sec. 4243 which explains the Capital Improvements exemptions under the Excise Tax Technical Changes Act can be obtained by writing the National Golf Foundation, 407 S. Dearborn st., Chicago 5, Ill.

ments limited application of the exemption to dues since the term "dues" is defined as including any assessment.

Initiation fees set aside for construction or reconstruction, however, were not specifically exempted in the 1958 Act.

The new amendment provides an exemption for amounts set aside for capital improvements from initiation or membership fees as well as dues or assessments.

Additional Exemptions

The 1959 amendment also provides additional exemptions for certain furnishings and fixtures (including installation costs) bought in conjunction with capital improvements. Such furnishings and fixtures must be required by reason of the construction or reconstruction for use of the facility upon completion of the work. For example, these would include required

furniture, drapes, carpeting, refrigerators, etc. for a new facility, or for a new addition, such as to a clubhouse.

The new amendment to the Excise Tax Act also stipulates that funds set aside from dues or initiation fees for capital improvements as well as for required furnishings and fixtures to be spent for such purposes within three years after date of payment by the club member. The 20 per cent tax on amounts not so spent becomes immediately payable after expiration of the three-year period. In such cases the tax is payable by the club rather than the member.

The club's liability for the tax under the three-year provision was written into the law because of the difficulties which would arise in attempting to determine and locate persons who had been members of a club three years earlier.

When the Excise Tax Technical Changes Act was written last year, exemption was not provided for the purchase of land for building courses, nor did it apply to purchase of existing facilities. This portion of the Act is the same as when it went into effect on Jan. 1, 1959.

Clarification of the Excise Tax Act was brought about partly through the efforts of the National Golf Foundation which brought the ambiguities in the 1958 Act to the attention of Rep. Thomas Curtis of Missouri, original sponsor of the bill to relieve courses of the capital improvements tax. Tax accountants as well as internal revenue officials were of the opinion that the 1958 version of the Act did not specifically exempt capital improvement funds set aside from initiation fees and anticipated rejection of claims on this score.

Massachusetts Winter School

University of Massachusetts' 8-week Turf Management winter school will be held from Jan. 18 through March 11. A leaflet describing the school's curriculum may be obtained from Dean Fred P. Jeffrey, dir. of short courses, U of M, Amherst, Mass. A new addition to the winter school staff is Geoffrey S. Cornish, S. Amherst architect who, at one time, was a teacher and investigator in the field of Agrostology (grasses) at the University.

Cancel Atlantic City Seniors

The Atlantic City Seniors Open has been cancelled for 1959. However, it will be resumed in 1960, according to Leo Fraser, pres. of Atlantic City CC, Northfield, N. J.