Outside Income May Be Subject to Tax, IRS Rules

The Internal Revenue Service has ruled that a nonprofit social club may lose its federal tax exemption if a regular part of its revenue comes from the general public. A loophole in the ruling, however, does not prohibit all outside income.

The ruling, which came early last October, specifically stripped one club of its tax exempt status because, during seven years, its outside income ranged between 12 and 17 per cent of total income. In clarifying its action, IRS, said that a social club may lose its exemption if it makes its facilities available to the general public on a regular, recurring basis. At the same time it added that "a club will not lose its exemption merely because it receives some income from the general public, or because the public occasionally may be permitted to participate in its affairs, provided such participation is incidental to and in furtherance of the general club purpose."

The ruling is directed toward renting out of club facilities for private banquets, parties, dances, wedding receptions, meetings and golf tournaments. Because of the ruling, one Washington, D. C., club, ironically the site of internal revenue dept. golf outings in the past, has banned all use of its facilities by outside organizations.

On Books For Two Years

If the IRS regulation, which has been on the books for at least two years, is rigidly enforced, many clubs may have to increase dues and assessments to make up for the loss of outside income. However, it is indicated that some clubs may voluntarily surrender tax exempt status in order to go on deriving substantial income from the outside.

Walter Slowinsky, Washington attorney and counsel for the CMAA, has expressed the opinion that the government has no intention of restricting normal activities of a club in staging functions closely allied to membership, such as wedding receptions for members' children, etc. But with clubs that actively seek outside business in an effort to keep down dues, Slowinsky adds, the government apparently feels that it isn't getting the tax revenue that would be realized if the outside events were being conducted by restaurants or catering concerns.

Watch for This!

Every golf club in the U.S. is being mailed a form card on which space is provided for names of operating personnel entitled to receive GOLFDOM. Unless this card is filled out and returned, we cannot continue mailing GOLFDOM to these people.

If your club failed to receive this card or misplaced it — use the form on page 112.

Our circulation auditing association requires that the list of persons to whom GOLFDOM is mailed be kept up to date. Without this information, we are instructed to stop mailing the magazine to old names on our list.

To make certain that your 1961 officials and operating heads receive GOLFDOM, please fill in the form and mail it today!

Parents Wail While 'Kid Disease' Goes Unchecked

Vandals went to physical effort and trouble to dig up the concrete anchorage of a ball washer stand at Greensboro (N. C.) CC last fall and lift it into a drinking fountain to wreck the plumbing there.

Club officials say vandalism continues to grow at courses. Damage to greens, from what supts. call "kid disease," theft

and destruction of hose, flags, flag poles, benches, tee markers, ball washers and tee towels runs to a substantial sum annually at many courses.

When the young hoodlums are caught their parents usually put up a wail and the kids don't have to work to repair or pay for the damage. That's why the cost of vandalism increases each year at golf courses.

On Tournament Staff

John C. Tuthill, West Islip, N. Y., has joined the PGA tournament bureau field staff. He will serve as an assistant to Harvey Raynor, tournament supervisor.