

"50 Per Cent Test" Vital in Taking Dues Deduction

Although the Internal Revenue Service has backed down from its original minimum regulation covering expenses for business travel, entertainment and gifts by increasing from \$10 to \$25 the amount that must be substantiated by receipts in income tax returns, the rule that covers deductions for club dues applies as originally stated in the Revenue Act of 1962.

Known as the "50 per cent test", this regulation states that if less than 50 per cent of a club's use by a member during the year is business connected, he can't take any tax deduction whatever for club dues expense. Previously, the taxpayer could legally deduct any per cent of dues which he could show to be business connected, regardless of how small it was.

Under the new revenue regulation, the member who claims a deduction for dues will have to keep records or a diary of business and personal visits to the club. These include use of the pool by his children, lunches that he may have with his wife, golf dates that are business connected, golf dates that are for pleasure, etc.

Receipts Not Required

In addition, any expenditure of \$25 or more must be supported by an itemized receipt, paid bill or similar evidence. In clarifying provisions of the 1962 revenue bill, however, IRS stated that if a member's bar bill at a club, for example, in entertaining a business guest amounts to \$14, and the dinner tab is \$24, receipts are not required for taking deductions. It was explained that even though the total entertainment bill amounts to \$38 in this case, the individual items of expense do not equal or exceed the \$25 minimum and therefore do not have to be accounted for. A business visit of this type, however, should be noted in the member's diary to meet the business connected requirement if he is trying to pass the "50 per cent test" for the year.

There is no limit on the amount of the deduction for business entertainment.

The Club Managers' Assn. has suggested that because of the record keeping that will be involved in separating personal from business visits by those who take deductions for club dues, new classes of membership might be considered by coun-

try clubs. These would segregate the member's social use from his business use and possibly take some of the confusion out of the record keeping he now is called upon to make.

400 Protests A Day

Before the IRS relented on some of the stringencies of the 1962 Revenue Act, it received as many as 400 protests a day. Club and restaurant people contended that nearly \$2 billion is spent yearly on business meals and that the jobs of many of 200,000 persons whose livelihoods depend on spending by businessmen would be jeopardized if the \$10 minimum regulation was enforced.

IRS says it has instructed its agents to be lenient in their rulings on expenditures for travel and entertainment at least through January because it concedes there always is a good deal of initial confusion in interpreting the provisions of any Revenue Act revision.

Bruning Foundation Donates \$50,000 to Evans Caddie Fund

A \$50,000 donation from the Bruning Foundation, the largest single contribution ever received by the Evans Scholars program of Western Golf Assn., probably will be used to obtain a larger chapter house at the University of Illinois. The donation came from Herbert F. Bruning, a Chicago industrialist, and his wife.

According to James M. Royer, Evans Scholars trustee, the original chapter house at Illinois has long been outgrown and it has become necessary to lease two annexes to house the 77 boys who attend the university on caddie scholarships. It is planned to use the Bruning donation in addition to about \$150,000 to buy and remodel an old and larger house to accommodate at least 75 students.

William H. Tucker Dies

Golf architect, William Henry Tucker, 67, died late in November in Los Angeles. He was the son of a pioneer U.S. pro and course builder, Willie, and worked with his father in designing and building several courses. A veteran of World War I and II, Tucker was distinguished for his contributions to scientific turf work.

GCSA Quarter-Century Club

Fourteen veteran supts. will be inducted into the GCSA's quarter-century club at the San Diego convention in February.