

12. In our women's clothing line, do you feel we have a good selection of styles and prices? Yes No
Suggestions
13. What can we do to help you with your Christmas gift selections?
14. What new service or improved service would you like to see initiated?
15. Are there any new items you would like to see stocked in the pro shop?

NRA Attempts to Clarify Business Expense Law

Everyone, it seems, is confused by the new Internal Revenue Service regulations covering business expenses. The National Restaurant Association, whose members are vitally affected by these laws, has attempted to clear the air by publishing in pamphlet form the information that appears below. Golf clubs aren't specifically mentioned here, but the implication is that goodwill, typical restaurant, etc. apply to clubs as well as restaurants. ED.

Most businessmen are misinformed about the new expense account law!

You do not have to discuss business, transact business, conduct business affairs, carry on negotiations, or make a sale before, during, or after a meal in a restaurant to get a deduction for a business meal. (HR 10650 Conf. Report Page 17, House Report Page A33, Senate Report Page 175).

Goodwill entertaining in typical restaurants is still deductible under a business meal exception to the new expense account law. (HR 10650, House Report Page A33, Senate Report p. 36).

Goodwill Undisturbed

Because of the business meal exception, the most significant portion of goodwill entertaining conducted in this country is left undisturbed by the new law. The general custom of entertaining business guests at meals is not disallowed even where the making of the expenditure merely promotes good will. (HR 10650, House Report Page A33, Senate Report Page 36.)

The business meal must be furnished in surroundings of a type generally considered conducive to business dis-

cussions (typical restaurant), but there is no requirement in this exception that business actually be discussed. (HR 10650, House Report Page A33).

A night club will probably be treated differently than a typical restaurant and generally would not be considered a suitable environment for business discussion. Thus, to obtain a deduction for good will entertaining in a night club of a group of business associates and their wives, a taxpayer would have to show that the entertainment was before or after business discussions or, in between, before, or after business meetings at a convention. (HR 10650, Conf. Report Page 16).

There is no \$25.00 limit on business entertaining in restaurants, night clubs, or elsewhere; but you will need a receipt which we provide if you spend over this amount at one time. (Reg. 1.274-5 (c) (2) (iii)).

You will be required to keep records of business entertaining under the new law, but this is especially simple for business meals purchased in this establishment. Make a record as soon as practical after the expense in a diary by writing the date, the name of your guest, the name of this restaurant, and the amount spent. You do not have to record the name of this restaurant if you prefer to keep a receipt. (Reg. § 1.274-5 (c) (2) (i)).

You do not have to record the type of entertainment, as this is obvious from the name of the restaurant. (IRS Questions and Answers Re (T&E 12-28-62, No. 10)).

You may record tips as part of the total or list separately as you prefer. (Reg. § 1.274-5 (c) (6) (i) (b)).

It is not necessary to record the business relationship or purpose if the employer can recall this information upon questioning by IRS. (Reg. § 1.274-5 (c) (3)).