# The Golf Business OUTLOOK

## The expense account comes back strong

Right after the IRS crackdown in mid-1963 on businessmen living high off the expense-account hog, things did look bad for the nation's club managers, hotel-men, and restaurant owners. "Business parties went from $20 dinners to $7 dinners, French champagne became California wine, and orchestras and entertainment were out," as one of them put it. Now, a recent survey by the *Wall Street Journal* reveals that business is normal, or even "better than normal." Does this mean that the IRS campaign was a failure? Not so, says an Internal Revenue spokesman. The new rules are working well, he claims. Businessmen are keeping better records and disputes between revenue agents and taxpayers are reduced. There's little doubt that the taxmen's drive has resulted in more and better expense records. "We find our members are inclined to be more meticulous in the way they keep their accounts," says an official at the Aronimink Golf Club, near Philadelphia. "They want receipts for all sorts of things." Just how honest these records are is, of course, another matter. The way some IRS agents operate does not seem to be designed to catch expense account manipulating. "Many agents," says the head of a large accounting firm, "simply aren't demanding substantiation for expense account items. In all but the most flagrant cases, they haven't changed their accounting procedures one whit since the new rules went into effect." According to an accountant who works in San Francisco, a typical conversation with the IRS runs something like this: IRS: "I see Mr. Smith claimed club dues at the Burlingame CC as a business expense. What does he use this club for?" Accountant: "Well, he uses it primarily for entertaining clients." IRS: "All right." End of conversation.

## Florida pros fight for their "rights"

In recent years, one of the most difficult problems facing the PGA has been the encroachment of the club on traditional or new sources of revenue of the club professional. Clubs have taken over operation of golf car rentals, the practice range or the pro shop itself. Recently, the Florida section of the PGA decided that enough was enough. They voted to drop courses that take over pro shop revenue from resident pros and boycott any "offending" club's tournaments. On the West Coast, too, there is also much cause for concern. Contracts have been adopted by some clubs that reduce concessions and sacrifice services in an effort to boost revenue. The Northern California section has adopted a set of minimum job specifications designed to provide qualified professionals for clubs and protect clubs from soliciting or accepting unqualified persons and improper contracts. However, the picture is not entirely black. Tony Kowski, pro at Interlaken GC, Fairmont, Minn., points out that the great majority of the pros in his section have the concessions, due possibly to the short season, and clubs realize that they can't get a qualified professional to work there for just salary and lesson fees. "If you destroy the pro's incentive," says Kowski, "you destroy service at that club." However, it was Kowski's opinion that should the situation deteriorate in his area, the Minnesota section of the PGA would take very similar action to that of the Florida PGA.