

By Lawrence Savell

Golf and Taxes

New regulations make golf a very taxing sport

When you think about it, golf and taxes have a lot in common. Both involve hazards and traps. Both often require the assistance of professionals. Both can be very frustrating.

Although each person's tax situation is different, here are some general responses to frequently asked questions.

Q: Can I deduct my golf/country club membership fees on my personal income tax returns?

A: Probably not.

Q: Even if I meet potential clients on the course or at the club?

A: That's right. In 1993, Congress passed a budget act disallowing deduction of dues to clubs organized for business, pleasure, recreation or other social purposes. Golf clubs fall into this category. In 1994, the Treasury Department proposed regulations limiting the deduction to cases where the club's principal purpose is public service.

Q: I get no deduction even if I develop business from my membership?

A: Probably not. If finalized, the new rules would apply to all fees paid or incurred on or after Jan. 1, 1994.

Q: What if my employer paid my fees for me as a perk?

A: The government might view your employer's payment as "income," for which you might have to pay income tax.

Q: What if my doctor says that I should play golf as therapy for medical reasons?

A: You must be able to substantiate your claim. Failure to prove that playing golf constituted "medical care" led to denial of cart rental and greens fees deductions by a taxpayer whose physi-



cian had recommended he play golf to alleviate pulmonary emphysema.

Q: What can I do golf-wise to lower my potential tax liability?

A: Buy yourself a new set of clubs, donate your old set to charity and take a charitable deduction.

Q: Can I claim any golf purchases as tax deductions?

A: Probably not, unless you are a professional golfer, golf instructor, caddy or otherwise derive income specifically from the game of golf.

Q: What if my dream is someday to play professionally?

A: It's not enough for your goal to be to play professionally; your primary purpose must be to make a profit playing. Courts and taxing agencies consider the objective facts, including the time and effort you spend in this pursuit, your history of income or losses, any elements indicating personal pleasure and recreation and your overall financial status.

This also applies to any attempt by you to deduct your expenses for supporting your child's efforts to turn pro.

Q: Any more bad news about taxes and golf?

A: Yes. At least one jurisdiction in Georgia has decided to tax golf carts under local property tax laws, assessing owners (many of whom apparently use the vehicles as a regular means of transportation) from \$10 to \$50, depending on the value of the cart.

Q: Does the game of golf get any breaks?

A: Yes. Many public golf courses are built and supported at least in part by local taxes. Private golf and country clubs usually get real estate and other tax breaks from local governments, which help reduce club costs and fees.

Q: Do tax laws offer anything special for women golfers?

A: Yes. Tax laws can be effective in fighting discrimination. For example, in 1989, the Minnesota property tax law was changed to require clubs to offer women equal access to facilities or pay higher land taxes. *GFW*

Tax Tips

Now is a good time to plan ahead for the upcoming tax season:

- Keep all receipts to support any deductions you plan to take.
- Be organized. If you have a home computer, consider using it to keep your records. Many software programs allow you to transfer your data directly into a computerized tax preparation program.
- Consult a tax professional when necessary for advice tailored to your particular situation.

Lawrence Savell is a New York attorney. This column provides general information and cannot substitute for consultation with a lawyer.