



## **CHARITABLE GAMING**

All parishes operating a bingo or Charitable Gaming Event must be in compliance with House Bill #475 and the following Diocesan policies:

- Every bingo fund raising event with charitable gaming activities must be registered with the Department of Charitable Gaming Office, 132 Brighton Park Boulevard, Frankfort, Kentucky, 40601-3714. Call Tel: (800) 729-5672 or FAX to (502) 573-6625, for information to obtain a license.
- A separate checking account must be maintained for charitable gaming. This account must be under the pastor's authority and he must be a signer on the checks. Only expenses directly related to the operation of charitable gaming may be paid from the charitable gaming account. All expenditures from the account, including transfers to the parish must have supporting documentation.
- Gaming supplies and equipment should be purchased from a licensed distributor and invoices must be paid within 30 days.
- Quarterly reports must be submitted to the Department of Charitable Gaming within 30 days of the end of each quarter. Reporting of number of patrons, prizes, winnings, etc. must be detailed.
- Records of all bingo and other fund raising activities shall be maintained for a period of three plus the current year.
- Pastors and bingo administrators should receive a copy of House Bill #475 and be familiar with its content. Copies of House Bill #475 may be obtained from the Department of Charitable Gaming.
- Booster clubs, auxiliary groups, etc., who fall under the primary organization (e.g., use the parish tax number) MUST turn in funds to the parish; have the pastor as a signer on checks, and follow all rules of Bill #475.

### **Bingo**

- All bingos must be "on site," e.g., on parish grounds or at a designated approved facility.
- Permission for any NEW bingo must be obtained from the Diocese's Office of Administration. Requests must be made in writing.

- Bingo is to be administered, conducted and promoted exclusively by volunteer personnel. NO REMUNERATION of any kind, either direct or indirect (even tuition) may be received for these services. Bookkeepers and security may be paid a salary from charitable gaming account.
- No person under the age of 18 shall be permitted to play bingo or purchase bingo supplies.
- All bingos must fully comply with the IRS regulations pertaining to the reporting and recording of prizewinners.

### **Reporting of Bingo Winners**

Bingo winnings are not subject to the withholding of Federal or Kentucky income taxes. However, bingo winnings of \$1,200 or more are subject to information filing requirements. In the event a parish has a winner of \$1,200 or more, the parish must provide the winner with a Form W-2G (Statement for Recipients of Certain Gambling Winnings). This form must be completed with the winner's name, address, social security number and signature. A copy of Form W-2G must be filed with the IRS by using Form 1096 (Annual Summary and Transmittal of U.S. Information Returns).

If the winner refuses to give the necessary information to complete Form W-2G, the parish must withhold 31% of the winnings as backup Federal income tax withholdings. The withholding would then be reported on Form 945 (Annual Return of Withheld Federal Income Tax)

### **Reporting to IRS for Capital Prize Winnings**

#### **Gambling Winnings Exclusive of Bingo- \$600-\$5,000**

Parishes must withhold 4% Kentucky State income tax from raffle and gambling winnings of \$600 to \$5,000. In addition, the parish must provide the winner with a Form W-2G (Statement for Recipients of Certain Gambling Winnings). This form must be completed with the winner's name, address, social security number and signature. A copy of Form W-2G must be filed with the IRS by using Form 1096 (Annual Transmittal of U.S. Information Returns). If the winner refuses to give the necessary information to complete Form W-2G, the parish must withhold 31% of the winnings as backup Federal income tax withholdings.

#### **Gambling Winnings Exclusive to Bingo- Over \$5,000**

The parish is required to withhold 28% Federal and 4% State income taxes from the payment of raffle and gambling winnings over \$5,000. For this purpose, the amount of the prize is determined by reducing the amount received by the winner by the amount of the wager. For example, if a raffle ticket cost \$1 and the winner received \$5,000, taxes would be calculated on \$4,999. The parish must provide the winner with a Form W-2G (Statement for Recipients of Certain Gambling Winnings). This form must be completed with the winner's name, address,

social security number and signature. A copy of Form W-2G must be filed with the IRS by using Form 1096 (Annual Transmittal of U.S. Information Returns).

### **Non-Cash Winnings**

In the event the prize is property other than cash, e.g., a car, vacation, trip, etc., the amount of the prize is its fair market value (must be obtained from independent sources) less the amount of the wager. Even though this type of prize does not involve cash, withholding of Federal and State income tax is still required. For prizes valued over \$5,000 the parish must obtain the required withholding (28% Federal and 4% State) from the recipient of the prize at the time the prize is awarded. The parish must provide the winner with a Form W-2G (Statement for Recipients of Certain Gambling Winnings). This form must be completed with the winner's name, address, social security number and signature. A copy of Form W-2G must be filed with the IRS by using Form 1096 (Annual Transmittal of U.S. Information Returns).

### **Accounting Procedures for Fundraisers**

The income and expenses related to fund raising activities should not be recorded in "net" accounts. In other words, income and expense results should be posted to separate income and expense account so that only the "gross" results are reported.