

CHARITABLE GAMING

All parishes/schools operating a bingo or charitable gaming event must comply with Kentucky Revised Statute Chapter 238 (KRS 238) and 820 KAR Chapter 1. Training is available through the Kentucky Department of Charitable Gaming, <http://dcg.ky.gov/Pages/default.aspx>. The pastor, pastoral administrator, school administrator, officers on the license, and the bookkeeper should attend training and be knowledgeable on the regulations and statutes governing charitable gaming. The pastor, pastoral administrator, or school administrator must approve all gaming activity, including organizations' activity to ensure the activity is within the requirements and regulations of the parish/school's license and mission of the parish/school.

Licensing

There are two types of licenses: an exempt license and a regular gaming license.

1. An exempt license (Form CG-Exempt) can be obtained if gross receipts are under \$25,000 a year; and pull tabs are not sold or no casino nights are held. Bingo and festival games of chance are permitted. There is no fee and it has a simplified application and reporting process. An annual report CG-EFR must be filed by January 31st each year. See KRS 238.535 for more information.
2. A regular license (Form CG-1) must be obtained if gross receipts are \$25,000 or more a year; or pull tabs are sold or casino nights are held.
 - If gross receipts are \$200,000 or less per year and weekly bingos are not held, the report can be done annually using Form CG-FIN by January 31st for prior calendar year.
 - If gross receipts over \$200,000 or have weekly bingos, the report will be done quarterly using Form CG-FIN.
 - The fee due on gross receipts currently is .00771. This rate is subject to change; please verify percentage on Charitable Gaming website, noted above.
 - Licenses will be revoked or denied if CG-FIN is not filed.
3. The license to conduct charitable gaming shall be prominently displayed on or in the premises where charitable gaming is conducted, in a conspicuous location that is readily accessible to gaming patrons as well as employees of the gaming department, law enforcement officials, and other interested officials.
4. A chairperson who is listed on the application must be continuously present at each charitable gaming activity and be readily identifiable as the chairperson.

Charity Fundraising Events (CFE) and Special Limited Charity Fundraising Events (SLCFE)

CFE are fundraising events such as festivals, carnivals and picnics. There is a limit of four CFE events per year. Two of these events can be Special Limited Charity Fundraising Events (SLCFE), such as a Monte Carlo night. The CFE events have a time duration period of 72 consecutive hours. The SLCFE events have a time duration period of six hours and must be conducted between noon and 1:00 am. To obtain a CFE license complete Form CG-Schedule A at least 30 days before the scheduled event. Please refer to KRS 238.505, 238.535, 238.545, 238.547, 238.555 and 820 KAR 1:055, 1:056 for detailed allowed gaming event information and requirements.

Record Keeping

All gaming records must be maintained and available for inspection for a period of three years plus the current year. Additionally, all unsold pull tabs and all winning pull tabs with a prize value of \$50 must be kept 12 months.

Bank Accounts

A separate bank account must be set up for the exclusive use of charitable gaming fund deposits and payments. The checks must have the words "Charitable Gaming Account", Name of Parish/School, and the organizations license number on the face of each check. It is the policy of the Archdiocese of Louisville, that the pastor, pastoral administrator, or school administrator must be a signer on the account. The other signers must be appointed by the pastor, pastoral administrator, or school administrator and also be an officer on the license.

Only certain funds can be deposited into the gaming checking account and only certain expenses can be paid from the gaming checking account. Please be familiar with the rules as stated in the statute and regulations, specifically KRS 238.550(9) and 820 KAR 1:120.

Gaming supplies and equipment must be purchased from a licensed distributor and invoices must be paid within 30 days. However, purchased prizes can be purchased anywhere, such as new television prize.

Raffles and Limitations

Raffle tickets have to be sold for the price stated on the ticket and each ticket must have a unique identifier. Please note, that if a winner is not present at the drawing, you must notify the winner within (7) days of the drawing by certified mail. For more regulations see KRS 238.545 and 820 KAR 1:050.

The Archdiocese of Louisville places the following limitations on raffles:

- Elementary schools and parishes, maximum of \$20,000
- High Schools, maximum of \$40,000

Requests for exceptions must be submitted in writing to the Archdiocesan Chief Financial Officer.

Raffle and Pull-Tab Winnings

Gaming winnings are reportable to the IRS and State of Kentucky. Please read **IRS publication 3079, Kentucky State Withholding Tax Instructions for Employers – Form 42A003, Regulation 103 KAR 18:070.**

1. **Cash Winnings of \$600- \$5000** - An IRS Form W-2G (Statement of Recipients of Certain Gambling Winnings) needs to be completed with the winner's name, address, social security number and winner's signature if the winnings are \$600 or more **and** at least 300 times the amount of the wager. (Example: Raffle prize is \$1,500, with a ticket price of \$10. The prize is more than \$600 but less than 300 times wager ($10 \times 300 = 3,000$). A W-2G would not have to be filed.) Generally, no withholding is required; however, depending on the type of gaming winnings, please refer to the W-2G instructions for specific requirements.

2. **Cash Winnings over \$5,000** (exclusive of Bingo) - An IRS Form W2-G must be completed and filed as stated above. For cash winnings withhold 25% for federal taxes and 6% for state taxes.
3. **Non-cash winnings** - If a prize such as a vacation or car is won, the amount of the prize is its fair market value (obtained from an independent source) less the amount of the wager. For prizes valued over \$5,000, you must obtain the required withholding (25% federal and 6% state) from the winner of the prize at the time the prize is awarded. A Form W2-G must be completed as stated.
4. **Please note: All gambling winnings that are subject to federal tax withholding shall have state income tax of 6% deducted and withheld.**

IRS Withholding Payments

An electronic federal tax payment account (EFTPS) needs to be set up with the IRS for submission of the withholdings. This has to be done through the IRS website, <http://www.irs.gov>. The withholdings are then electronically submitted through the EFTPS based on the schedule the IRS sets up.

State Withholding Payments

An account must be set up with the state by submitting application Form 10A100. Form K-1 is used to submit the withholding with a check to the state. The state will inform you of frequency of filing (monthly, quarterly or annually).

IRS Annual Filing Requirements

Submit copies of the W-2G and file with Form 1096 annually. Additionally, file IRS Form 945 Annual Return of Withheld Federal Income Tax for W-2G tax withholdings. The annual date to submit the returns depends on the filing requirements and if that date falls on a weekend or holiday, please refer to the current year's form instructions.

Bingo

All bingos must be approved prior to initiation from the Archbishop. Request must be in writing. After approval the bingo must be "on-site". If the bingo is to be held "off-site," written permission must be obtained from the Archbishop.

1. Bingo is to be administered, conducted and promoted exclusively by volunteer personnel. **No Remuneration** of any kind, direct or indirect (e.g. tuition, fees), may be received for these services. Bookkeepers and security may be paid a salary from the charitable gaming funds through the gaming check account.
2. Per Archdiocesan Policy, no person under the age of 18 shall be permitted to play bingo or purchase bingo supplies.
3. Prizes may not exceed a total of \$5,000 per session.
4. All bingos must fully comply with IRS and State regulations pertaining to reporting and recording of prize winners.
5. **Bingo Winnings** are not subject to the withholding of federal or state taxes. Winnings of \$1,200 or more are subject to filing requirements. Form W2-G must be completed with the winner's name, address, social security number and signature. Form 1096 along with copies of W2-G must be submitted annually, please refer to the current year's form instructions for filing due dates. If the winner refuses to give the necessary information to complete the W2-G, the parish/school must withhold federal (28%) and state taxes (6%). See section on IRS and state withholding for remittance information.

Poker Tournaments

Winnings are not subject to withholding of federal or state taxes. Winnings over \$5,000 are subject to filing requirements. Form W2-G must be completed with the winner's name, address, social security number and signature. Form 1096 along with copies of W2-G must be submitted annually, please refer to the current year's form instructions for filing due dates.

Accounting

Income and expenses related to charitable gaming should be recorded in PDS Ledger software in the 1300 account range.

For specific questions, please refer to the Public Protection Cabinet, Department of Charitable Gaming, 132 Brighton Park Boulevard, Frankfort, KY 40601, (502) 573-5528, (800) 729-5672 (in Kentucky), <http://dcg.ky.gov/Pages/default.aspx>. We encourage you to email your representative with questions and obtain answers in writing.

Please read the Guide to Charitable Gaming in the Commonwealth of Kentucky and keep this guide on hand to assist with questions.