

Clarke University

Raffle Policy

Purpose

The purpose of this policy is to provide guidelines and awareness of state regulations concerning raffles that may be held by Clarke University organizations and/or departments. Before a raffle is held, the University needs to be sure the organization has proper approval. Clarke University is restricted by the State of Iowa Code, and all campus raffles must be held in accordance with Iowa laws and regulations.

Scope

This policy applies to all faculty, staff and students.

Terms and Definitions

- Iowa tax regulations may be found at <http://www.state.ia.us/tax/educate/78506.html>.

Procedures and Guidelines

- A. The Controller must be notified of all campus raffles before the raffle ticket sales begin.
- B. Only currently-recognized Clarke University organizations and departments may hold campus raffles.
- C. Campus raffles must be held in accordance with Iowa laws and regulations.
 - a. A gambling license is required for any and all raffles.
 - b. The University's Institutional Advancement Office maintains an annual raffle license with the State of Iowa authorizing the University to hold an unlimited number of small raffles (prize less than \$10,000) each year during the license period (April 15th - April 15th each year). The University's license **does not** authorize bingo, games of skill or games of chance.
 - c. All raffle tickets must be sold within the license period.
- D. Raffles are subject to tax law, even though sponsored by a non-profit organization.
 - a. The organization is responsible for sales tax on the gross revenue. Sales tax is due to the state in which the event took place. The organization must provide an accounting of the gross revenue. The sales tax paid will reduce the net revenue of the event. A [Raffle Financial Report](#) must be filled out by the sponsor of the raffle and submit it to the

Controller within 7 days of the completion of the raffle. The Raffle Financial Report may be turned in to the Director of Student Accounts at the time of the raffle deposit if within 7 days of completion of the raffle.

- b. If the prize is \$600 or greater (either in cash or non-cash items), the winner must complete a Form W-9 which includes their name, address, social security number, and signature. The winner will be issued either a W-2G or 1099-MISC-tax form at the end of the calendar year to report on their individual income tax return.
 - i. As required by state law, state income tax of 5% will be withheld for Iowa income tax from any cash winnings greater than \$600.
 - ii. As required by federal law, federal income tax of 25% will be withheld for any cash winnings greater than \$5,000.
 - iii. Therefore, the cash winners in excess of \$600 **will not be paid on the day of the event**, rather they will be issued a check from the Accounts Payable Coordinator to insure all the federal and state taxes are withheld and submitted to the appropriate agencies.
 - iv. The non-cash winners will be required to pay 25% of the value of the non-cash for federal income tax purposes before taking the non-cash winning.

Confidentiality and Records

All records of any raffles shall be kept in the Controller's office.