

# UNIVERSITY *of* DUBUQUE

## GAMBLING ACTIVITIES

### Overview

Gambling is defined as any activity which involves a raffle, game of chance, or game of skill. No casino style games are allowed to be conducted. Iowa law requires that state income tax be withheld on *gross* profits from a gambling activity. The current state income tax rate is 7%. The department sponsoring the activity will absorb the sales tax expense.

State law dictates that raffles must be conducted in a “fair and honest” manner. Raffle tickets may be offered for sale at a discounted rate, such as 6 tickets for \$5, if the discount is applied in a nondiscriminatory manner. The discount must be available to all persons throughout the duration of the raffle and must be posted on all promotional material.

Iowa law prohibits organizations from requiring participants to be present at the drawing in order to win the prizes.

State law requires raffles prizes be awarded within a 24 hour period. An organization cannot draw winning names over a period of time greater than one day.

Any department found in violation of the gambling regulations will not be allowed to conduct future raffles.

### Procedures

#### I. Approval of Activity

The requestor of the event must fill out the top portion of the gambling form and obtain the signature of the appropriate Dean or Vice President and approval of the Controller.

#### II. Reconciling of Gambling Proceeds

Before the prizes are distributed, the gross proceeds must be accounted for and indicated on line A of the gambling form.

Sales tax must be calculated on the gross proceeds at the current rate (7%) and specified on line B.

Prizes distributed as cash must be indicated on line C. If a prize distribution exceeds \$600 for an individual, a check request must be submitted to the Business Office. The recipient of the prize must fill out a W-9 and will receive a 1099-MISC at year end for tax purposes.

Line D is the net proceeds of the gambling activity, and is calculated by subtracting lines B and C from line A.

Total deposit from the event must be equal to the sales tax plus the net proceeds (B+D). The department must provide the account number for the net proceeds. Sales tax will be deposited into a holding account for subsequent payment to the State of Iowa.

### **III. Approval of Reconciliation**

After the reconciliation is complete, the requestor must sign the gambling form, and the appropriate Dean or Vice President must approve, indicating review of the reconciliation. The completed form, along with the cash deposit, should be forwarded to the Cashier's Office for processing. The Cashier's Office will forward the gambling form and receipt of deposit to the Business Office.

The Business Office will be responsible for booking the sales tax appropriately and paying the tax to the State.

## **Contacts**

Office: Business Office

Telephone Number: Assistant Controller, Jenifer Hirschfeld, 589-3707

Controller, Nicole Kruser, 589-3207

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## GAMBLING ACTIVITY REQUEST

**I. UNIVERSITY APPROVAL:**

Requested By: \_\_\_\_\_ Date Requested: \_\_\_\_\_

Type of Gambling Activity:     Bingo     Raffle     Game of Skill/Chance     Other

Date of Event: \_\_\_\_\_

Purpose and Description of Event: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Event Supervisor: \_\_\_\_\_ Phone: \_\_\_\_\_

Dean/VP Approval: \_\_\_\_\_

Controller Approval: \_\_\_\_\_

**II. RECONCILE GAMBLING PROCEEDS:**

A. Gross Proceeds:	\$ _____	
B. Sales Tax 7% (B = A x 7%)	\$ _____	000-0000-2700
C. Prize Distributions:	\$ _____	
D. Net Proceeds (D = A - B - C)	\$ _____	-                      - <i>(provide an account number)</i>
E. Total Deposit (E = B + D)	\$ _____	Deposit Date: _____

**III. APPROVALS:**

Requestor Signature: \_\_\_\_\_

VP/Dean Signature: \_\_\_\_\_

Business Office Approval: \_\_\_\_\_