

# **How To Claim The Raffle Prize**

## **Rotary Super 50/50 Raffle – 2023**

**Drawing Held in Lenoir, North Carolina**

**At 3:00 pm (est) on July 15, 2023**

**In accordance with the Rules and Regulations of The Raffle, "The holder of the winning ticket will have one week from the drawing date/time to claim the prize. Deadline to claim will be 3:00 pm, July 22, 2023.**

**If no one claims the prize by the deadline, another number will be drawn and the one week claiming period begins again at 3:00 pm, July 22, 2023 with a deadline to claim being one week later, 3:00 pm, July 29, 2023.**

**If no one claims the winning prize after this second drawing, the Raffle Sponsor will retain all funds associated with the raffle."**

**CLAIMING THE PRIZE** The holder of the winning ticket must claim the prize in person. Only the original ticket stub will be accepted, no copies or facsimiles are acceptable. The Raffle Sponsor contact for claiming the prize is Ralph Prestwood 828-612-4618 [prestwoodnc@gmail.com](mailto:prestwoodnc@gmail.com).

By claiming the prize, the winner gives the Raffle Sponsor the right to publish the winner's name and prize amount. Names are publicized to protect the integrity of the 50/50 raffle as it verifies that prizes are won. The prize claimant will be required to sign a Declaration and Release. The prize shall be paid by cheque from the Raffle Sponsor upon receipt of the winner delivering the winning Raffle Ticket, executed Release, and all other required documents to the Raffle Sponsor.

**TAXES:** The IRS has taken the position that amounts paid for chances to participate in raffles, lotteries, or similar programs are not gifts and, therefore, the price of a Raffle ticket does not qualify as a deductible charitable contribution. The Prize Claimant is solely responsible for any and all federal, state and local taxes, fees and other government assessments on the awarded prize.

Furthermore, each Prize Claimant acknowledges that federal law may require a tax withholding on certain prize values that must be collected from winners' award or distribution. Federal, state withholding laws are subject to change without notice. The withholding laws in effect at the time each prize is claimed will be followed. At the present time, the withholding is 24% of the prize amount awarded.

Please Review The Following:

**Release of Liability and Winner Acceptance Form**

**IRS Regular and Backup Withholding Requirements – Raffle Winnings**

## **Release of Liability and Winner Acceptance Form for the Rotary Super 50/50 Raffle - 2023**

Print and fill in all the required information below:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email Address: \_\_\_\_\_

I understand that I am the winner of the Rotary Supper 50/50 Raffle – 2023 and I do hereby accept the winner position. I further understand that if I do not return this form completed by no later than **5:00 pm EST on July 22, 2023**, I will be disqualified and another winner will be selected. I, for myself and on behalf of my heirs, assigns, personal representatives and next of kin, HEREBY RELEASE, INDEMNIFY, AND HOLD HARMLESS the Rotary Club of Caldwell County and the Lenoir Rotary Club and each of its directors, officers, officials, agents and/or employees, and the other participants, sponsors, advertisers, and owners (collectively, "RELEASEES"), from any and all claims, demands, losses, and liability that I now have, or hereafter may have, by reason of any matter connected in any way or arising out of the Raffle, my participation in the Raffle, the awarding of the Prize or to any loss or damage to the giveaway Prize, including but not limited to, any INJURY, DISABILITY OR DEATH I may suffer, or loss or damage to person or property, WHETHER ARISING FROM THE NEGLIGENCE OR WILFUL MISCONDUCT OF THE RELEASEES OR OTHERWISE, to the fullest extent permitted by law.

I hereby give my consent to the Raffle Sponsor and any of its agents, contributors, partners, or affiliates of the Raffle to use my entry and my name, voice, photograph, or likeness for advertising, publicity, or trade purposes in any and all media worldwide (including a prize winner's list) without additional compensation or notification, as set forth in the Official Rules of the Raffle.

I HAVE READ THIS PRIZE ACCEPTANCE AND RELEASE OF LIABILITY FORM, FULLY UNDERSTAND ITS TERMS, UNDERSTAND THAT I HAVE GIVEN UP RIGHTS BY SIGNING IT, AND SIGN IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **IRS Regular and Backup Withholding Requirements – Raffle Winnings**

There are two types of withholdings on winnings: regular and backup. If a payment is already subject to regular withholding, it is not also subject to backup withholding.

For regular withholding, the organization must withhold 24 percent (formerly 25 percent) of the prize and report it to the IRS:

For sweepstakes, wagering pools, lotteries, raffles, or poker games, when the prize exceeds \$5,000; or

For any other game, when the prize amount is at least 300 times the ticket cost.

The ticket cost is subtracted from the prize in calculating these amounts.

Example: Raffle tickets cost \$1, and the grand prize is \$6,000. The winner's proceeds from the raffle exceed \$5,000 after subtracting the ticket price, so the organization must withhold 24 percent from the winnings. The 24 percent rate applies to \$5,999 (proceeds from the prize less ticket cost), bringing the withholding amount to \$1,440.

Non-cash prizes are subject to regular withholding as well—though the process is more complex. There are two options. The first is a tough sell for prizewinners because it asks them to pay the withholding tax to the organization. They would pay 24 percent of the fair market value of the prize after subtracting the ticket cost. The second option keeps the winner happy but costs the organization more. The organization pays the withholding tax on the winner's behalf, but at a higher rate of 31.58 percent. The higher rate reflects that the winner acquired not only the prize, but also the value of having the organization pay the tax on it.

Alternatively, backup withholding applies if the prizewinner fails to provide the entity with a correct taxpayer identification number, there was no regular withholding on the winnings, and the winnings are at least \$600 and at least 300 times the ticket cost. The backup withholding rate is 24 percent (formerly 28 percent).

### **Takeaway**

While hosting a raffle or drawing may be a great way to earn extra revenue and build camaraderie among donors, tax-exempt entities must conduct these activities with care and remain diligent in complying with the tax reporting and withholding requirements. Failing to meet the IRS's requirements can impact both the organization and its prizewinners. In extreme cases the organization may stand to lose its tax exemption, so the best bet would be to engage a tax professional rather than simply rolling the dice and hoping luck prevails.

Additional Resources:

I.R.S. Instructions for Forms W-2G and 5754 (Jan. 2021).

I.R.S. Publication 3079, Tax-Exempt Organizations and Gaming (Oct. 2018).