

Massachusetts Elks Raffle and Bazaar Guide - Queen of Hearts/Chase the Ace

1. You must obtain a raffle permit from your local town/city hall.
 - a. This process could take two to three weeks as the Chief of Police must approve the permit.
 - b. The fee for this permit is \$10.00/year and must be obtained annually.
2. The raffle permit requires a 5% sales tax of the gross revenue to be paid to the Lottery Commission Charitable Gaming Division. The tax is calculated using the Raffle and Bazaar tax return.
3. The form must be filed within 10 days after each raffle or bazaar. Some Lodges currently file monthly or each time the winner is determined. This has been allowed but is not in compliance with the law as it is written.
4. All wins \$600 or over, and at least 300 times the amount of the wager require the Lodge to issue a W-2G to the winner. The winner is required to sign a Copy A of the W-2G. The signed copy should be retained by the Lodge and used to report the winnings to the IRS.
5. The winner is responsible for all federal and state income taxes due on the winning amount. The W-2G issued to the winner contains all the information needed by the winner or the winner's tax preparer to report the amount won on the winner's tax return and to determine if any taxes are owed because of the win.
6. If the amount of the prize is \$600 but less than \$5000, the winner has the option of having taxes withheld.
7. If the prize payout is \$5,000 or over the Lodge is **required** to withhold 24% for Federal Tax and 5% for Massachusetts State Tax.
8. If a prize is shared by several winners, the Lodge is **required** to have the "winning ticket" holder sign a form 5754 Statement. This statement identifies all the winners sharing the prize along with their required information. All income tax liability is shared by all the winners. If the total win being shared is \$5,000 or more, even if each winner's individual share is below \$5,000, Federal & State Income tax withholding is **required** on the amount each winner receives.
9. The Lodge is **required** to pay the amount withheld to the Internal Revenue Service via EFTPS. This should be done after the funds are withheld and must be completed by January 31st of the following year.
10. Copy A of all Form W-2Gs is required to be filed with a Form 1096 via EFTPS by January 31st of the following year.
11. The Lodge is **required** to report each prize won that is \$600 and over to the Commonwealth of Massachusetts. The Lodge is required to pay all state income tax amounts withheld to the Commonwealth of Massachusetts.
 - a. Mail Copy 1 of Form W-2G for ALL prize winners of \$600 or more.
 - b. All checks should be made out to the Commonwealth of Massachusetts.

The mailing address for both the forms and payments is:

Massachusetts Department of Revenue
P.O. Box 7045
Boston, MA. 02204

- This document is provided as a courtesy to the Elks Lodge of Massachusetts and is not meant to be a substitute for the professional guidance of your lawyer, accountant, or tax professional.
- Should you be instructed by the IRS, Massachusetts Department of Revenue, or any other authority that this information stated is incorrect please do not hesitate to contact me directly so the we can update this form and provide the updated information to all our Lodges.
- Information provided by Craig W. Shurtleff, A.S.R. and Bonnie Jean Cottuli, State Trustee