



DIOCESE OF PALM BEACH NOTIFICATION

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PARISH AND SCHOOL RAFFLE AND IRS INFORMATION (UPDATED AUGUST 1, 2024)

With regard to raffles for schools and parishes within the Diocese of Palm Beach, the following summary of diocesan and IRS guidelines is provided. Please always refer to legal counsel with questions about adherence.

Summary of IRS Guidelines and Requirements for Raffles

IRS Reporting and Withholding Requirements:

1. Reporting Threshold:
 - For any winnings of \$600 or more if they are at least 300 times the wager amount, you must complete IRS Form W-2G to report the winnings to both the IRS and the winner.
 - Subtract the wager from total winnings to determine if the winnings meet the above threshold.
2. Withholding Requirements:
 - Regular Withholding: Withhold 24% of winnings if they exceed \$5,000 after subtracting the wager.
 - i. If winnings are subject to regular withholding, back up withholding does not apply
 - Backup withholding: If a winner does not provide a Taxpayer Identification Number (TIN), withhold 24% if winnings are between \$600 and \$5,000.
 - Use Form W-9 to request the winner's TIN before distributing winnings.
3. Additional Reporting:
 - If federal income taxes are withheld on gambling winnings, report the amount withheld on Box 4 of Form W-2G and use Form 945 for annual reporting and submitting withheld funds if less than \$2,500. If withheld funds are more than \$2,500, you must make deposits by electronic funds in accordance with the Accuracy of Deposits Rule. See Publication 15 section 11 for details

Diocesan Requirements:

- Follow IRS guidelines for reporting raffle winnings.
- Obtain attorney's approval for raffle documents, depending on the raffle's circumstances.
- Confirm with the Development Office that the 24% withholding rates still apply

Information for Conducting Raffles:

Required Information on Tickets/Advertising:

1. Name and address of the church/school conducting the raffle.
2. Date, time and location of the drawing.
3. Statement: "No purchase or contribution is necessary."
4. Description of prizes and suggested donation for tickets.
5. Source of funds used to purchase prizes (e.g., donated by the church/school).
6. Rules governing the drawing (e.g., random selection, no cash redemption, tax responsibilities, age restrictions).

Prohibited Practices:

1. Predetermining or preselecting the winner.
2. Requiring a donation or purchase for entry.
3. Conditioning the drawing on selling a minimum number of tickets.
4. Distinguishing between paid and unpaid entrants.
5. Failing to promptly notify the winner.
6. Failing to award all offered prizes.
7. Canceling the raffle or conditioning prizes based on ticket sales.

Compliance:

- Strict adherence to the above guidelines is necessary to avoid civil or criminal penalties.

For more detailed information, refer to the attached IRS guidelines and relevant forms (W-2G, W-9 and 945).

IRS Forms:

- [Form W-9](#)
- [Form W-2G](#)
- [Form 945](#)

This PSA aims to ensure all entities conducting raffles are aware of and comply with the IRS and diocesan requirements to conduct fair and legal raffle activities.