

From the desk of Jeanne M. Kerkstra, Esq., CPA

**Viewpoint
IRS to the Oscars: The Envelope Please**

I remember the last few years listening to the pre-Oscars buzz, which was more interesting, and significantly less time-consuming, than the actual Oscars themselves. In particular, you'd hear about the rooms the would-be presenters would buzz into to collect their goodie bags. I remember how rumor had it that some little starlet collected two. An insider would provide the dish on what was the contents—usually a few exotic sounding items. If I recall correctly, someone valued the bag booty at \$17,000. Last year the take included a Blackberry 8700C, a kimono and a cultured Tahitian pearl necklace. Presenters included George Clooney. George donated his goodie bag to the United Way, and it raised a reported \$45,100. Most assuredly, that was in excess of its FMV.

Because you can't keep a tax attorney quiet, my question was always: Did the presenters include the FMV of the goodie bags in their taxable income for that year? Answer: It seems not.

Recently, the Academy of Motion Picture Arts and Sciences (a/k/a the Oscars) reached an agreement with the IRS to have the Academy pay taxes due on goodie bags handed out through last year. This upcoming year, the presenters will get a little something extra in their bags—the tax bill.

For a listing of the 2005 winners, check out www.oscar.com/oscamight/winners/index.html

Bottom line: Nothing in life is free (even in Hollywood).

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