

Stars Bring Home a Shiny Oscar, Serious Swag, and a Big Tax Bill

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Everyone knows that it's an honor just to be nominated for an Academy Award, but for those who didn't go home with a glittery Oscar statuette, they can be comforted by an African safari, plastic surgery, or two nights at a luxury resort.

But beware swag-loving nominees: The Taxman Cometh.

The gift bags, which are actually called Everyone Wins at the Oscars Nominee Gift Bags, aren't really gifts, according to the IRS. Add it all up and it's taxable income. The value of the safari? \$15,580. The skin treatments add another \$1,645 to the total, and the luxury suite adds \$3,350. In fact, the value of the entire package, which was worth \$75,000 last year, must be reported on the nominees' tax returns. The Premier Tours five-day safari in Botswana doesn't sound quite as fun anymore.

Gift bag recipients, who include not only nominees but others involved with the show, will probably receive an IRS 1099 Form reporting the value of what was inside, according to Forbes tax expert Robert Wood. One out is to re-gift the bags to a qualified charity and take a charitable contribution deduction. However, the fair market value of the gifts must still be reported.

Distinctive Assets created the swag bags 10 years ago and proclaims that it "spearheaded the proliferation of award show swag." The company says on its website, "We are able to use our coveted access to celebrities to help our clients leverage the star power of Hollywood to better reach consumers." Not all the freebies are luxurious. Some of it is practical stuff like hand sanitizer and nasal spray.

At any rate, Distinctive Assets is hardly the only company pampering the pampered. Hollywoodnews.com reports about a dozen "gifting suites" handed out swag to presenters, nominees, and other stars the week leading up to Sunday night's event.

A popular stop was Roger Neal Style Hollywood Oscar Suite at the L'Ermitage Hotel in Beverly Hills, with Penelope Ann Miller from "The Artist" emerging with a stay at Belleek Castle in Ireland. Wendi McLendon Covey, Oscar presenter and "Bridesmaids" star, and Annie Mumolo, Oscar nominee for Best Screenplay for the movie, were pleased with their Raju Rasia Beverly Hills rings, according to a report on BeckSmithHollywood.com.

Although HollywoodNews.com said Oscars gifting "took a hit" with news of the IRS wanting its share a few years ago, but the "win-win" practice was in full swing this year. "The celebs get to load up on fabulous freebies, while product makers and designers get valuable celebrity endorsements at relatively low cost."

Terry Topalek, founder of Chicago-based Terry's Toffee, would certainly agree. His toffee is included in gift bags and all it took was asking if it was OK. He called the Academy of Motion Picture Arts and Sciences about a decade ago and asked for the president. He told the NBC Chicago affiliate: "I got his assistant and I told her my story and said, 'Do you ever put food items in the gift bag?' She said, 'Yeah, occasionally we do.' I said, 'Well, I'd love it for you to consider us.' She said, 'Well, send us your product.' I did and they fell in love with it. Now it's a special gift. It's our eighth year."