



Appendix 3

Premium Methods

There are many ways to arrange for a show to give out their payback. We are listing a few for your convenience. Pick the method that is easiest for your show to handle and track. We highly recommend that you consult a tax expert about the tax codes and how you should report premium amounts. If you have used another method that worked for your show please let FAST know and we will share with other Tennessee Walking Horse Shows.

1. Simply attach a check to the ribbons before the show. 1st place, blue ribbons, get 1st place money, 2nd place, red ribbons, get 2nd place money, etc. An assigned person must make out the checks before the show and attach them to the appropriate ribbons. The ribbon and check are given out to the appropriate place as the exhibitors leave the ring. This is probably the most traditional method and requires a secure place to keep the ribbons and checks as the checks are made out to cash.
2. As the IRS becomes stricter and tax rules tighten, some shows are recording the ties in each class and then adding up the winnings for each trainer, owner or exhibitor and mailing them a check after the show. The show must then send out 1099's for amounts over \$600.00 & over.
3. Some shows attach a certificate or coupon to each ribbon showing what place the coupon is for and a designated person goes to either the entry office or a specific place to redeem their coupons before leaving the show. This method makes sure that there are no outstanding checks coming in randomly after the show.
4. Some shows may, in an effort to save money and still give payback, give out the coupons and then when the trainer, exhibitor or owner goes to redeem the coupon, the amount of payback will be determined by the number of entries. One method to determine this figure is to take the number of entries; multiply it times the entry fee and then take 40% of the total for 1st place, 30% for 2nd, 20% for 3rd, and 10% for 4th. A second method is when a class only has four entries, start payback with the advertised 2nd place money. This method gives out as payback the total entry fees in each class.

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