

WASHINGTON -- In response to press speculation resulting from events in major league baseball, the Internal Revenue Service today provided a brief explanation of the basic income and gift tax principles that would apply to a baseball fan who catches a home run ball and immediately returns it.

In general, the fan in these circumstances would not have taxable income. This conclusion is based on an analogy to principles of tax law that apply when someone immediately declines a prize or returns unsolicited merchandise. There would likewise be no gift tax in these circumstances. The tax results may be different if the fan decided to sell the ball.

Commenting on this situation, IRS Commissioner Charles O. Rossotti said, "Sometimes pieces of the tax code can be as hard to understand as the infield fly rule. All I know is that the fan who gives back the home run ball deserves a round of applause, not a big tax bill."

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