***26 T.C. 1218 (1956)***

Amounts received by a casino dealer as 'side money' from winning wagers made by patrons on their behalf constitute taxable income as compensation for personal services.

**Summary**

In *Bevers v. Commissioner*, the U.S. Tax Court addressed whether 'side money' received by a casino dealer from patrons' winning wagers constituted taxable income. The dealer argued that the money was either a gift or gambling income that could be offset by gambling losses. The court held that the 'side money' was taxable income, representing compensation for the dealer's services, similar to tips. The court reasoned that the money was received as a direct result of the dealer's employment and the services provided to the patrons. The court distinguished it from a gift because it was connected to services and was not solely based on the donor's generosity. Therefore, the dealer's gambling losses could not offset the 'side money' income.

**Facts**

Lawrence E. Bevers, a casino dealer in Las Vegas, Nevada, received 'side money' during 1953. This money represented his share of winnings from wagers placed by casino patrons on his behalf. The patrons would make bets for the dealer, and if the bets won, the dealer received the proceeds, which were then pooled and split among all dealers on a shift. The casino management knew of and allowed this practice. Bevers received $623 in 'side money' and also incurred $1,800 in gambling losses during the year. He did not report the 'side money' on his tax return.

**Procedural History**

The Commissioner of Internal Revenue determined a tax deficiency, arguing the 'side money' was taxable income. The case was brought before the U.S. Tax Court to determine the taxability of the 'side money' received by the casino dealer. The Tax Court ruled in favor of the Commissioner, concluding that the income was taxable.

**Issue(s)**

1. Whether the amounts received by the casino dealer as 'side money' represented taxable income or a gift.
2. If the 'side money' was taxable, whether it represented ordinary income (compensation for services), or gambling income from which gambling losses could be offset.

**Holding**

1. No, the amounts received represented taxable income because they were

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compensation for personal services.
2. The income was ordinary income, not gambling income. Therefore, the dealer could not offset his gambling losses against this income.

**Court's Reasoning**

The court relied on the broad definition of 'gross income,' including "compensation for personal services." The court cited *Harry A. Roberts*, where tips received by a taxi driver were deemed taxable income. The court found a parallel between tips and the 'side money', reasoning that both stemmed from the service provided. The court considered the 'side money' received by Bevers was an incident of the services he provided as a dealer. The court highlighted that the dealers received the money as a direct result of their employment, and the management's knowledge and acceptance of the practice indicated the 'side money' was an accepted part of the consideration for services rendered. The court rejected the argument that the money constituted gambling income because it was tied to the dealer's employment and service.

**Practical Implications**

This case has significant implications for the tax treatment of income derived from employment, especially in service-oriented industries. It underscores that money received in connection with employment services is generally considered taxable income, regardless of the specific form of payment or the intent of the person providing it. This principle applies not just to casinos, but to any business where employees might receive income through the actions of customers or clients. It clarifies that such payments are considered compensation for services, as they are a direct result of the employee's work. This impacts legal practice by requiring advisors to consider all sources of income related to a client's employment, including non-traditional forms of compensation. For example, a lawyer representing a client in a similar situation (i.e., a service worker receiving payments from customers in addition to wages) should advise them to declare this income on their tax return.

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