

## Five Important Tips on Gambling Income and Losses

Whether you roll the dice, bet on the ponies, play cards or enjoy slot machines, you should know that as a casual gambler, your gambling winnings are fully taxable and must be reported on your income tax return. You can also deduct your gambling losses...but only up to the extent of your winnings.

### Here are five important tips about gambling and taxes:

1. Gambling income includes, but is not limited to, winnings from lotteries, raffles, horse races, and casinos. It includes cash winnings and the fair market value of prizes such as cars and trips.
2. If you receive a certain amount of gambling winnings or if you have any winnings that are subject to federal tax withholding, the payer is required to issue you a Form W-2G, Certain Gambling Winnings. The payer must give you a W-2G if you receive:
  - \$1,200 or more in gambling winnings from bingo or slot machines;
  - \$1,500 or more in proceeds (the amount of winnings minus the amount of the wager) from keno;
  - More than \$5,000 in winnings (reduced by the wager or buy-in) from a poker tournament;
  - \$600 or more in gambling winnings (except winnings from bingo, keno, slot machines, and poker tournaments) and the payout is at least 300 times the amount of the wager; or
  - Any other gambling winnings subject to federal income tax withholding.
3. Generally, you report all gambling winnings on the "Other income" line of Form 1040, U.S. Federal Income Tax Return.
4. You can claim your gambling losses up to the amount of your winnings on Schedule A, Itemized Deductions, under 'Other Miscellaneous Deductions.' You must report the full amount of your winnings as income and claim your allowable losses separately. You cannot reduce your gambling winnings by your gambling losses and report the difference. Your records should also show your winnings separately from your losses.
5. Keep accurate records. If you are going to deduct gambling losses, you must have receipts, tickets, statements and documentation such as a diary or similar record of your losses and winnings.