

The Lucky Seven...Gambling Winnings and Losses Tax Tips

You may know when to hold 'em and when to fold 'em but do you know how and when to report 'em? Whether you are playing cards or the slots, it is important to know the rules about reporting gambling winnings and losses.

Here are seven things the IRS wants you to know about reporting what Lady Luck has sent your way.

1. All gambling winnings are fully taxable.
2. Gambling income includes, but is not limited to, winnings from lotteries, raffles, horse races, poker tournaments and casinos. It includes cash winnings and also the fair market value of prizes such as cars and trips.
3. A payer is required to issue you a Form W-2G if you receive certain gambling winnings or if you have any gambling winnings subject to federal income tax withholding.
4. Even if a W-2G is not issued, all gambling winnings must be reported as taxable income. Therefore, you may be required to pay an estimated tax on the gambling winnings. For more information on paying estimated taxes, refer to IRS Publication 505, Tax Withholding and Estimated Tax.
5. You must report your gambling winnings on Form 1040, line 21.
6. If you itemize your deductions on Form 1040, Schedule A, you can deduct gambling losses you had during the year, but only up to the amount of your winnings. Your losses are not subject to the 2 percent of AGI Limitation.
7. It is important to keep an accurate diary or similar record of your gambling winnings and losses. To deduct your losses, you must be able to provide receipts, tickets, statements or other records that show the amount of both your winnings and losses.

For more information, refer to IRS Publications 525, Taxable and Nontaxable Income, and 529, Miscellaneous Deductions. Additional information can also be found in IRS Instructions for Forms W-2G and 5754, Certain Gambling Winnings & Statement by Person(s) Receiving Gambling Winnings. These publications are available at IRS.gov or ordered by calling 800-TAX-FORM (800-829-3676).

Links:

- [Publication 525](#), Taxable and Nontaxable Income
- [Publication 505](#), Tax Withholding and Estimated Tax
- [Publication 529](#), Miscellaneous Deductions