

Sample article for organizations to use to reach customers (517 word count)

Customize and post the following article on your websites and/or use in other communication vehicles to inform your customers about six important tips on gambling income and losses

Six important tips on gambling income and losses

It's a common misconception that unless you receive a [Form W-2G](#), Certain Gambling Winnings, at a casino, your gambling winnings don't have to be reported on your federal tax return. Whether you roll the dice, play cards or bet on races, all your winnings are taxable. Gambling winnings, like any other income not specifically exempted from law, are taxable and must be reported on your federal tax return, regardless of whether or not documentation was provided at the time the money was earned (or won). Fortunately, if you itemize your deductions, there are ways to offset your gambling winnings with any losses that you may have incurred up to the amount of your winnings. Below are six tips that you should know:

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 have any winnings subject to federal tax withholding, the payer is required to issue you a Form W-2G. The payer must give you this form 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 as *income* on line 21 of [Form 1040, U.S. Federal Income Tax Return](#). This is true even if you do not receive a Form W-2G.
4. If you are a casual gambler, report all your gambling winnings as income on your federal income tax return. This is true even if you do not receive a Form W-2G.
5. You can claim your gambling losses, up to the amount of your winnings, on [Form 1040, 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 deduct gambling losses that are more than your winnings. You cannot reduce your gambling winnings by your gambling losses and report the difference.
6. 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. Your records should show your winnings separately from your losses. Refer to [IRS Publication 529](#), Miscellaneous Deductions, for more details about the type of information you should write in your diary and what kinds of proof you should retain in your records.

For more information on gambling income and losses, see IRS Publication 529, Miscellaneous Deductions or [Publication 525](#), Taxable and Nontaxable Income, both available at [IRS.gov](#) or by calling 800-TAX-FORM (800-829-3676).

NOTE TO EDITOR: Below are links to helpful information on IRS.gov.

Do I Need To Claim My Gambling Winnings and Can I Deduct My Gambling Losses?

Topic 419 - Gambling Income and Losses

You Tube video - Find out how gambling income and losses can affect your federal taxes.