

## IRS TAX TIP 2002-53

### GAMBLING INCOME AND EXPENSES

Hit a big one lately? With more and more gambling establishments, the IRS reminds people that they must report all gambling winnings as income on their tax return.

Gambling income includes, but is not limited to, winnings from lotteries, raffles, horse and dog races and casinos, as well as the fair market value of prizes such as cars, houses, trips or other noncash prizes.

Generally, if you receive \$600 or more in gambling winnings, the payer is required to issue you a Form W-2G. If you have won more than \$5,000, the payer may be required to withhold 28% of the proceeds for Federal income tax. However, if you did not provide your Social Security number to the payer, the amount withheld will be 31%.

The full amount of your gambling winnings for the year must be reported on line 21, Form 1040. If you itemize deductions, you can deduct your gambling losses for the year on line 27, Schedule A (Form 1040). Your gambling loss deduction cannot be more than the amount of gambling winnings.

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 on record keeping, see IRS Publication 529, "Miscellaneous Deductions," or Publication 525, "Taxable and Nontaxable Income." You may also want to check out Form W-2G and its instructions. All are available at the IRS Web site at [www.irs.gov](http://www.irs.gov) through the "Forms and Publications Finder." You may also order publications and forms by calling 1-800-TAX-FORM (1-800-829-3676).

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