

Best Tax Practice - Gambling Tax Tips

5 important tips on gambling income and losses

Gambling winnings must be declared on the federal tax return.

It's a common misconception that unless one receives a Form W-2G - Certain Gambling Winnings, the gambling winnings do not have to be reported on your federal tax return. However, like any other income, regardless whether or not documentation is provided, all gambling winnings must be reported on your federal tax return.

Gambling winnings can be offset with any gambling losses - up to the amount of your gambling winnings.

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 (FMV) of prizes such as cars and trips.
2. Though the payer may be required to issue a Form W-2G, even if they do not issue the document, the winner is still required to declare the winnings on their federal tax return.
3. Generally, gambling winnings are reported on the "Other Income" line of the 1040 tax return.
4. Gambling losses are reported on Schedule A - Itemized Deductions, under "Other Miscellaneous Deductions."
5. Keep accurate records - especially of gambling losses. Losses taken must have receipts, tickets, statements and documentation, such as a diary or similar record of your losses and winnings.
 - a. Refer to IRS Publication 529, Miscellaneous Deductions for more details about the type of information that should be kept in the diary and what kinds of proof that should be in your record keeping.

For more information on gambling income and losses visit [IRS.gov](https://www.irs.gov)

- *Topic 419 - Gambling Income and Losses*
- *Do I Need To Claim My Gambling Winnings and Can I Deduct My Gambling Losses?*

IRS YouTube Channel - Gambling Winnings and Losses