

Be informed - Know the rules and how to report your winnings.



What did you win? What about losses?

What did you win?

What about losses?

Prizes

Scratch-off Tickets

How do you compute winnings?

Even if you are the payer of the gambling winnings, your winnings are still considered taxable income. Gambling winnings are included in your gross income if you meet the reporting requirements.

Winnings of any type are includible in income. Winnings include money and/or the fair market value of bonds, cars, houses, and other non-cash prizes.

Example: If you win a \$40,000 boat, you must include \$40,000 in income.

Where do you report winnings?

You must report the full amount of your gambling winnings for the year on Form 1040, U.S. Individual Income Tax Return, line 21.

You may receive a Form W-2G, Certain Gambling Winnings, showing the amount of your gambling winnings and any tax withheld. Include the amount from box 1 on Form 1040, line 21. Include the amount shown in box 2 on Form 1040, on the line designated as federal income tax withheld.

of winnings) are claimed by itemizing deductions on Schedule A.

Example: You won \$700 playing bingo, which you played twice a week and spent \$600 during the year to play. You include \$700 on Form 1040, Line 21, as "Gambling Winnings". You cannot net the amounts and report \$100 on your 1040 tax return.

If you are able to itemize your deductions on Schedule A, you take a deduction for the \$600 in "gambling losses." You can only claim gambling losses up to the amount of your gambling winnings.

What records do you need to maintain?

You must keep an accurate diary or similar record of your losses and winnings. Your diary should contain at least the following information.

- The name and address of the gambling establishment.
- The names of other persons present with you at the gambling establishment.
- The amount(s) you won or lost.

Therefore, your records should show your winnings separately from your losses.

records, bank withdrawals, and statements of actual winnings or payment slips provided to you by the gambling establishment.

- Keno** - Copies of the keno tickets you purchased
- Slot Machines** - A record of the machine number and all winnings by date and time the machine was played.
- Bingo** - A record of the number of games played, cost of tickets purchased, and amounts collected on winning tickets.
- Racing (horse, harness, dog, etc.)** - A record of the races, amounts of wagers, amounts collected on winning tickets, and amounts lost on losing tickets
- Lotteries** - A record of ticket purchases, dates, winnings, and losses. Supplemental records include unredeemed tickets, payment slips, and winnings statements.