

Gambling Income and Losses

Gambling winnings are fully taxable and must be reported on your 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 non-cash prizes.

Depending on the type and amount of your winnings, the payer might provide you with a Form W-2G and may have withheld income federal taxes from the payment.

Here are some general guidelines on gambling income and losses:

Reporting winnings: The full amount of your gambling winnings for the year must be reported on line 21, Form 1040. You may not use Form 1040A or 1040EZ.

Deducting losses: If you itemize deductions, you can deduct your gambling losses for the year on line 27, Schedule A (Form 1040). You cannot deduct gambling losses that are more than your 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 see IRS Publication 529, Miscellaneous Deductions, or Publication 525, Taxable and Nontaxable Income, both available on the IRS Web site, IRS.gov, or by calling 1-800-TAX-FORM (1-800-829-3676).