

Line 8b. Gambling income. The full amount of gambling winnings (e.g., winnings from bingo, casinos, daily fantasy sports, lotteries, or raffles) is included in taxable income. If the taxpayer itemizes deductions on [Schedule A \(Form 1040\)](#), gambling losses up to the amount of winnings can be deducted. See *Gambling losses*, [page 4-26](#).

Proof of winnings and losses. A taxpayer must keep an accurate diary or similar record of losses and winnings, which should contain the date and type of the specific wager, name and address of the gambling establishment, names of other persons present, and the amount(s) won or lost. In addition, other documentation to prove winnings and losses include wagering tickets, cancelled checks, substitute checks, credit records, bank withdrawals, and statements of actual winnings or payment slips provided by the gambling establishment, if applicable.

Form W2-G, Certain Gambling Winnings. Gambling winnings may or may not be reported on Form W2-G, but all gambling winnings are taxable. Report any federal income tax withheld on line 25c.

[Form 1040](#).



Court Case: A taxpayer won \$2,000 on a slot machine, but ended up ahead only \$1,100 at the end of the day. The taxpayer did not report the winnings on the tax return, and did not itemize deductions to claim losses. The IRS claimed the taxpayer failed to report gambling winnings of \$2,000. However, the Tax Court determined that the amount of unreported gambling winnings was \$1,100. The decision stated that computing wins and losses for each separate wager was too burdensome, and “the fluctuating wins and losses left in play are not accretions to wealth until the taxpayer redeems his or her tokens and can definitely calculate the amount above or below basis (the wager) realized.” (*Shollenberger*, T.C. Memo. 2009-306)

Professional gambler. If the taxpayer can prove the gambling activity was conducted as a trade or business, gambling losses would be deductible on [Schedule C \(Form 1040\)](#). Courts often rule for nonprofessional status when the activity has some characteristics of being recreational. (*Mohammadpour*, T.C. Summary 2007-163)

 **Note:** Professional gambling losses and expenses are limited to the amount of winnings. [\[IRC §165\(d\)\]](#)

OBBBA The OBBBA made changes to the gambling loss deduction for tax years beginning after 2025.

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CASINO GAMBLING LOG

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