

# *Gambler's Tax Guide*

*What You Need to Know About Reporting Gambling Winnings & Losses on Your Taxes.  
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## 1) Do I owe taxes on gambling winnings in the United States?

*Answer: Sure do! Did you know our neighbors to the north don't tax gambling winnings? If you are a Canadian citizen and you win a \$1 billion jackpot in Canada, you keep all \$1 billion (assuming you're a casual gambler).*

- *U.S. Tax Law: Yes, gambling winnings are taxed in the United States. When you are a U.S. citizen, all of your income is taxable. Ever heard of Al Capone? When he went to prison, it wasn't for the crimes he committed—it was for not paying taxes. The IRS will tax you on your income even if the activity you did to earn it is illegal.*
- *International Winnings: Even if you win money in a country where gambling winnings aren't taxed (like Canada), if you're a U.S. citizen, you're taxed on your global income regardless of where you were when you earned it.*

*Citations:*

- <https://www.irs.gov/taxtopics/tc419>
- <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/amounts-that-taxed.html>

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## 2) What is considered "gambling winnings"?

*Answer: If you think it is, it probably is.*

*If you place a bet and walk away from that bet "ahead," it's taxable gambling income. Some examples:*

- *Lottery Tickets: You buy a Powerball ticket for \$5 and win \$100K. Your taxable winnings are \$99,995.*
- *Casino Games: Sit at a blackjack table with \$10K and leave with \$20K? You have \$10K in gambling income.*

*Citation: <https://www.irs.gov/taxtopics/tc419>*

### 3) How much do I have to win to get a tax form from gambling?

Answer:

- \$1,200+ from a slot machine spin.
- \$600+ and 300x your bet amount (common in sports betting parlays, pools, sweepstakes, etc.)

Other triggers include:

- \$1,500+ from a keno game
- More than \$5,000 from a poker tournament if you go all in
- Any winnings subject to federal income tax withholding

Withholding Rules:

- Regular gambling withholding (think standard casino games): 24% of winnings (less the wager) exceed \$5,000.
- Backup withholding: Applies if no TIN is provided and the winnings are \$600+ and 300x the wager (or hit other game-specific triggers).

Citation: <https://www.irs.gov/instructions/iw2g>

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### 4) What if I win \$50,000 on a \$500 sports bet—will I get a tax form?

Answer: No. Since the winnings are only 100x your bet amount, it doesn't trigger the 300x threshold, even though it's \$50,000.

Note: Tax laws around sports betting are outdated. Congress hasn't updated them to reflect the recent explosion of online and sports gambling. So really, there aren't that many instances in which you can expect to receive a tax form for sports betting since the tax form rules that commonly trigger tax forms to be issued, only apply to "casino"/common types of gambling games.

Citation: <https://www.irs.gov/instructions/iw2g>

## 5) What if I win \$3,600 on a \$100 roulette bet?

*Answer: Still no tax form. It doesn't meet the 300x threshold. The IRS specifically names games like bingo, slots, keno, and poker. All other games are lumped together under this outdated rule.*

*Citation: <https://www.irs.gov/instructions/iw2g>*

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## 6) Why doesn't the IRS just add up all my wins and subtract all my losses?

*Answer: We agree — it would make perfect sense. However sometimes tax doesn't, especially since Congress hasn't changed the \$1,200 reporting threshold for slot machines since 1977.*

*Citation: <https://www.cpapracticeadvisor.com/2024/05/29/is-an-irs-change-in-slot-machine-jackpot-thresholds-really-coming/106018/>*

## 7) My friend got a 1099-MISC from a gambling site—what's that?

*Answer: Daily fantasy sites (like FanDuel Fantasy) follow different rules than traditional sportsbooks or casinos.*

- Online casinos/sportsbooks: W2-G
- Fantasy sports: 1099-MISC if net winnings exceed \$600

*Note: Congress may begin requiring more providers to file 1099-MISCs. Gambling winnings could fall under "prizes & awards" or "other income payments."*

*Here's a simplified breakdown of when a 1099-MISC form must be issued: You must file a 1099-MISC for each person you paid during the year if:*

- You paid at least \$10 in royalties or broker payments instead of dividends or tax-exempt interest.
- You paid at least \$600 in any of the following:
  - Rents
  - Prizes and awards
  - Other income payments
  - Medical and healthcare payments
  - Crop insurance proceeds
  - Cash payments for fish (or other aquatic life) purchased from someone in the trade/business of catching fish
  - Generally, cash paid from a notional principal contract to an individual, partnership, or estate
  - Payments to attorneys
  - Fishing boat proceeds

*Why this matters: Based on these criteria, it's very likely that gambling platforms could soon be required to issue more 1099-MISC forms to users as the industry evolves and regulation catches up.*

*Citations:*

- <https://support.fanduel.com/s/article/Taxes-with-FanDuel-Sportsbook>
- <https://support.fanduel.com/s/article/Taxes-with-FanDuel-Casino>
- <https://support.fanduel.com/s/article/Taxes-with-FanDuel-Daily-Fantasy>

## 8) If I don't get a tax form, do I still owe?

Answer: Yes! U.S. citizens must report all income, even from illegal activity. No tax form doesn't mean no taxes.

Citation: <https://www.irs.gov/pub/irs-utl/OC-5TipsonGambling.pdf>

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## 9) How would they even know about unreported gambling income?

Answer: Good question, my question back to you is how did a Boston police officer in 2022 get charged and then plead guilty to failing to report \$10k of gambling income from a lottery ticket he sold? In May 2020 a Boston police officer sold a winning lottery ticket worth \$10k to a convenience store owner for cash rather than properly claiming the lottery winnings. Sounds pretty under the table to me, guy buys lottery ticket wins \$10k on the ticket, sells it to another agreeing party for cash, the purchaser of the ticket cashes it as if its his own. So what happened? Big brother is what happened. The IRS doesn't disclose all of its measures in "catching people", but believe they are working on it.

Citation: <https://www.irs.gov/compliance/criminal-investigation/boston-police-officer-agrees-to-plead-guilty-to-tax-charge>

Take a look at this audit report: On 9/30/24 the US Treasury Inspector General for Tax Administration released an audit report titled: The IRS Could Collect Over a Billion Dollars in Taxes From Unreported Wagering Income

In this report the US Department of the Treasury formally addressed the IRS with a study they completed which highlighted all the lost tax revenue in the gambling industry. And you guessed it, sports betting & online gambling is in the cross hairs.

A recommendation the Treasury made to the IRS is quoted: "Expand the wager codes to specifically include sports betting and use the wager code as a tool to identify potential noncompliance..". In response the IRS is quoted: "The IRS partially agreed with this recommendation and will explore the potential productivity and feasibility of expanding the wager codes to specifically include sports betting."

Another recommendation the Treasury made to the IRS is quoted: "Conduct an environment scan of the current and potential future conditions of the sports betting and online gambling industries, the industries' risks, and the impact on tax compliance, and develop a process to identify and address underreporter noncompliance." In response the IRS is quoted: "The IRS agreed with this recommendation and will conduct an environment scan of the current and potential future conditions of the sports betting and online gambling industries, the industries' risks, and impact on tax compliance, and update existing or create new charters to identify noncompliance."

We can see from these sources here that the IRS & Treasury Department are starting to take notice of the growing industry. As the industry continues forward so will the government in their compliance requirements. Imagine this, in the year 2030 the IRS or Congress come out with new regulations that now cause all the current "unreported" gambling income to get on a tax form in one way or another. Now on your 2030 tax return you have a "new tax form" showing gambling income of 20k. No worries, you file the 2030 tax return report the income and all is well. Until 2 months after you file your tax return you receive a tax deficiency notice from the IRS for years 2024-2029 for under reported gambling income. See, the IRS knew about the transfers to your bank from xyz app, they just couldn't put their finger on it. And now, well, too easy..

Citation: <https://www.tigta.gov/reports/audit/irs-could-collect-over-billion-dollars-taxes-unreported-wagering-income>

Remember: Al Capone got caught on tax evasion, not the crimes he and his goons committed.

## 10) If I split gambling winnings with someone, do I owe tax on all of it?

*Answer: You only owe tax on your portion. If you are able to have the payout be split between your accounts, then all you need to do is document the payout in your gambling log*

- *"But what if all of the money was/will be paid into my account? And then I have to send it to them?"*

### *Steps to Split Winnings:*

- *Try to use Form 5754 to report each individual's share.*
  - *This form should be given to the payer (e.g., casino) listing each winner's name, address, SSN, and share of the winnings PRIOR TO PAYOUT. The payer will then issue separate tax forms to each winner for their respective amounts.*
  - *If you expect to be issued a W2G or a 1099-MISC from the payor for the gambling winnings, try to give them Form 5754 prior to the payout so they can issue any tax forms between you and the person you are splitting the winnings with. If the payor accepts Form 5754 then your job is pretty much taken care of.*
- *If Form 5754 isn't used:*
  - *Report the full winnings on your tax return on Schedule 1*
  - *Subtract the portion paid to others as a "nominee distribution" also on Schedule 1*
  - *Issue a Form 1099-MISC to each person you paid \$600 or more from the winnings (person is a key word here as it relates to "who needs a 1099-MISC?". See section below labeled "Who needs a 1099-MISC?")*
  - *File Form 1096 with the IRS to summarize the 1099s issued*
  - *Clearly label the deduction on your return as a "nominee distribution for gambling winnings"*
  - *Document the payout in your gambling log*
- *Who needs a 1099-MISC?:*
  - *In regards to 1099s, according to the IRS everyone and everything is separated into two groups 1. Corporations 2. Non corporations (a Person as referenced in the section above).*
  - *Corporations in the United States are made up of 2 kinds, C Corporations (like on the New York Stock Exchange), & S Corporations (like most small businesses you know: Local dentist, doctors office, landscaper, accountant, etc).*



- A person is defined as everyone who is not a corporation. That's it, that is the rule. If they are not a C Corporation or a S Corporation, under the 1099 rules they are considered a person.
- So if you are paying a corporation the only time you will need to issue them a 1099 is if the payment is for:
  - Cash payments for the purchase of fish for resale
  - Medical and health care payments
  - Substitute payments in lieu of dividends or tax-exempt interest
  - Gross proceeds paid to an attorney
- Basically, 99% of the time, you will never need to issue a 1099 to a corporation.
- A person on the other hand is very different and if you pay a person more than \$600 in a year for gambling income, you will need to issue them a 1099-MISC according to the rules, which are: "For each person to whom you have paid at least \$600 in
  - Rents
  - Prizes & Awards
  - Other income payments
  - Generally, the cash paid from a notional principal contract to an individual, partnership, or estate
  - Any fishing boat proceeds
  - Medical and health care payments
  - Crop insurance proceeds
  - Gross proceeds paid to an attorney
  - Section 409A deferrals
  - Nonqualified deferred compensation
- "Prizes & Awards" & "Other income payments" are highlighted because gambling income could fall under either one of these categories. So if you pay a person \$600 or more during a calendar year, you will want to issue them a 1099-MISC.
- "But how do I know who is a corporation and who is a person?"
  - You can ask them and if they can't answer the question directly, chances are they are not a corporation
  - Have them fill out IRS form W9. This is the common form that you have people you pay income to and it is where the person you're paying tells you whether they are a corporation or not. Once they fill this out and give it back to you, you can see if they are a person or corporation and if you need to issue them a 1099 for the money that you have paid them for the year.
- "So what if I can't use form 5754 and my payment is to a corporation, can I take the nominee distribution on my tax return and skip the 1099 steps?"
  - Yes, you will simply skip the step of issuing the 1099 to the corporation
  - You will want to keep on file a copy of the form W9 that was filled out by the corporation that you are paying showing that the recipient is in fact a corporation and does not need a 1099.
  - And then you simply document the payout in your gambling log as you normally would in your records

*Why it matters: If you don't issue the required 1099s and the IRS challenges your nominee distribution, they may disallow the deduction and assess tax, penalties, and interest. They will also ask for proof—including the issued 1099s and gambling logs. If you fail to produce the forms, you could lose the deduction or face penalties for failure to file the 1099's.*

*Tip: Keep a detailed gambling log and follow these steps precisely when splitting winnings. It's your best defense if the IRS comes knocking.*

*Citation: <https://www.xoatax.com/tax-implications-shared-gambling-winnings/>*

*Citation: <https://www.irs.gov/pub/irs-pdf/i1099mec.pdf>*

*Citation: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>*

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## *11) What if I got a W2-G or a 1099-MISC for the full amounts of winnings but split the winnings—am I out of luck?*

*Answer: No, you can still try to file Form 5754 with the payor (if the payer will allow it) and then they will reissue the W2G or 1099 which will fix the issue, or you can make a nominee distribution on your tax return and issue 1099-MISC forms if you split the winnings with a person as discussed in question 10.*

*Here's what you need to know:*

*Splitting Winnings When You Receive the Full Amount (Whether you had a W2G/1099 issued to you for the full amount or if you had the full amount deposited to your account first):*

*If you received 100% of the gambling winnings but are splitting them with someone else:*

- You must issue a 1099-MISC if the amount you paid to them is \$600 or more and they are not a corporation as outlined above.*
- Gambling income can fall under "Prizes and awards" or "Other income payments" as defined by IRS rules for 1099-MISC reporting.*

- *Example*

*You and a buddy each contribute \$1,000 to place a \$2,000 bet. You win \$22,000 total (a \$20,000 profit), but the winnings are issued entirely in your name or if you received the full payout of the winnings. Here's what to do:*

- 1. If a W2-G or 1099-MISC will be issued to you:*
  - o Try to submit Form 5754 to the payer before they issue the tax form. This lets them divide the winnings appropriately before they send out the W2-G or 1099-MISC.*
- 2. If Form 5754 is not accepted or no tax form will be issued:*
  - o Report the full winnings on your tax return.*
  - o Issue a 1099-MISC to your buddy for their portion (if \$600+).*
  - o File Form 1096 to summarize and transmit the 1099-MISC to the IRS.*
  - o Make a "nominee distribution" adjustment on your return to deduct the portion given to your buddy.*

*What if you don't issue the 1099-MISC?*

*If you skip this step and the IRS later questions your nominee distribution:*

- You may receive a letter disallowing the nominee deduction.*
- You'll owe tax on the full winnings plus penalties and interest.*
- The IRS will request evidence, including:*
  - o The 1099-MISC you were supposed to issue*
  - o A detailed gambling log documenting the event*

*Bottom Line: If you're splitting winnings, make sure to:*

- Keep a well-documented gambling log*
- Issue any required 1099-MISC forms*
- Follow nominee reporting rules on your tax return*

*Citation: <https://www.irs.gov/forms-pubs/about-form-5754>*

## 12) How do I know if my gambling log is good enough?

*Requirements to keep in log:*

- *Date and type of wager*
- *Establishment name/location*
- *Names of people with you*
- *Amounts won or lost*
- *Supporting documentation: W2-Gs, tickets, canceled checks, credit records, bank withdrawals, etc.*

*Note: Your log must be updated continuously and supported by verifiable documentation. The IRS expects your gambling log to be maintained on a continuous basis—not something you throw together at the last minute if you're audited. If your log appears to be backdated or created hastily, its credibility may be questioned.*

*In addition to keeping your log up to date, you must also retain verifiable documentation. A gambling log alone may not be enough to support your claims. These additional documents include:*

- *W-2G forms*
- *Wagering tickets*
- *Canceled checks*
- *Substitute checks*
- *Credit card records*
- *Bank withdrawal records*
- *Win/loss statements or payment slips from the gambling establishment*

*Think of it like running a business, you wouldn't deduct an expense without a receipt. Treat your gambling records the same way: detailed logs supported by reliable documents. The more supporting proof you have, the stronger your case will be if the IRS ever questions your filings.*

*Citation: [https://itap1.for.irs.gov/owda/0/resource/Commentary\\_Files\\_Redirect\\_ITA/en-US/help/Records.html](https://itap1.for.irs.gov/owda/0/resource/Commentary_Files_Redirect_ITA/en-US/help/Records.html)*

### 13) Do I have to itemize wins and losses?

*Answer: Yes, you must list winnings and losses separately on your return.*

- *Example: \$10K winnings on March 31 → reported on Schedule 1*
- *\$7K loss on August 19 → reported on Schedule A*
- *Note that each of these amounts are listed separately on your tax return and not netted together.*

*Citation: <https://www.irs.gov/taxtopics/tc419>*

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### 14) That is the most ridiculous thing I have ever heard. So you are telling me I have to track every slot spin?

*Answer: No, you do not need to track each individual spin on a slot machine. The IRS has what is known as the Session Rule for calculating gambling wins and losses.*

- *What is a Gambling Session?*

*A gambling session is defined by the IRS as a continuous period of play at a single gaming establishment. A session starts when you begin play and ends when:*

- *You stop gambling and cash out.*
- *You take a break.*
- *You switch game types (e.g., slots to blackjack).*

*Powerball Example:*

- *You buy a Powerball ticket on Tuesday.*
- *The drawing is on Wednesday.*
- *Your session starts Tuesday and ends with the drawing Wednesday.*
- *Your net outcome (win or loss) from that single ticket is your gambling result for the session.*

### *Slot Machine Example:*

#### *Session #1:*

- *You enter the casino and put \$1,000 into a slot machine.*
- *You play for 1 hour, winning and losing intermittently.*
- *You cash out with \$1,750.*
- *Your gambling winnings from this session are \$750.*

#### *Session #2:*

- *After dinner, you return to the casino and gamble the \$750 you won earlier.*
- *You lose the entire amount in 30 minutes.*
- *This is a separate gambling session and must be reported as a separate \$750 loss on your tax return on Schedule A. This loss is not netted against your winnings from earlier in the day.*

### *Switching Machines or Game Types*

- *If you switch slot machines but continue playing the same type of game without taking a break, it is still considered one session.*
- *If you switch from slots to blackjack, your session ends with the slot game and a new session begins with blackjack.*

### *Example – Continuous Slot Play:*

- *You play on one slot machine for 1 hour, then another for 1 hour.*
- *You stay on the casino floor and don't take a break.*
- *These are part of the same session.*

### *Example – Game Switch:*

- *You cash out your slots and start playing blackjack.*
- *That's the start of a new session, because you changed game types.*

## - Summary

To qualify for session treatment:

- Play must be continuous.
- You must stay within the same game type.
- If you take a significant break or change game types, it resets your session.

Citation: <https://www.irs.gov/pub/irs-drop/n-15-21.pdf>

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## 15) What if I can't access my money because I am in the middle of a sportsbook or casino promotion—does that affect my session?

*Answer: Yes. If you can't withdraw the funds during the promotional period, you can treat all gambling activity within that promotion as part of a single session.*

*Example: Poker Tournament*

- You enter a 7-day poker tournament with a \$1,000 buy-in.
- After Day 1, you have \$5,000 in chips. After Day 2, you're down to \$1,000. So do you have \$4k of income to report from day 1 and a separate \$4k loss to report from day 2? No.
- Since you are still actively participating in the tournament and cannot withdraw your winnings until the event ends or you are eliminated.
- The entire 7-day period is considered one gambling session under IRS rules, even if you stop playing temporarily each day.

*This principle applies even if you play multiple types of poker or card games within the tournament (like 5-card draw, Omaha, or Texas Hold'em). As long as it's part of the same tournament it's treated as one continuous session.*

*Bottom Line: If you don't yet have access to your money, your play counts as one session—regardless of the number of days, breaks between games, or variety of games played during that event.*



### *Example: Online Promotion*

- A sportsbook requires you to bet \$200 and meet a 5-day playthrough requirement before unlocking any winnings.
- All bets during this promo period can be treated as one session, since you were still "playing" and didn't have an accession to wealth until the promo ended.

*Bottom Line: If funds are locked up or contingent on a full playthrough, you're still actively gambling. Treat it as a single session until you have access to your funds.*

*Here is a court case which references how the session rule is calculated. We can see the courts mention that "a casual gambler is to recognize a wagering gain or loss at the time he or she redeems tokens". We can interpret from this that if your proceeds are not paid out yet/available for you to transfer to your bank, then your session is not complete.*

*Citation: <https://www.journalofaccountancy.com/news/2009/dec/20092454/>*

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## *16) Can I split a session with someone else?*

*Answer: Yes, but you must follow proper procedures to report it correctly.*

### *Example – You Win:*

- You and a partner agree: if you win \$2,500, you keep \$1,000 and give them \$1,500.
- If all of the proceeds are paid to you or if you get the tax form for the full amount you will likely need to issue them a 1099-MISC (if \$600+ & a person under the 1099 rules). You can either try to use Form 5754 (submit this form to the payor as mentioned before) or if you cannot use Form 5754 then you will want to make a nominee distribution as outlined above in this guide and follow the corresponding 1099 rules.
- If you are able to split the proceeds with your sponsor prior to the payout, then you do not need to worry about issuing them a 1099. The only time you will want to worry about issuing a 1099 to someone is if you receive a tax document from the payor for the full amount in your name or if you have the full payout get paid to an account in your name first and then you make a payout to your partner.

### *Example – You Lose:*

- You lose \$1,000 during the session, and your partner agreed to cover that loss.
- You, the gambler, do not report a gambling loss. Your partner—the sponsor—may record the \$1,000 as their loss in their gambling log.



*Just like sponsored poker players, session backers must track their share with accurate logs and documentation.*

- *"Can I use a nominee deduction for a gambling loss that isn't mine on my tax return?"*
  - o *No, the nominee distribution/deduction that you claim on your tax return can only be claimed when you payout winnings to another person as described above. If there is a loss that isn't your money, you have no loss to recognize.*

*Citation: See items 10 & 11 in the guide for how to split income with someone else. You will want to follow the same procedures.*

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*17) If I live full time in Pennsylvania, and go to the Jersey Shore for Labor Day weekend and do some online gambling in that state while I am there, how does that work with gambling taxes at the state level?*

*Answer:*

*Most states follow the same general rule for non-residents earning income: Is the income sourced from within that state? If the answer is yes, then you may owe taxes to that state—even if you don't live there.*

*In this scenario, the key question becomes: Is your gambling income considered New Jersey-source income? If you placed the bet while physically located in New Jersey (such as at an NJ casino or on an online gambling platform specific to NJ while in the state), then yes, New Jersey would likely treat that as income earned within its borders. Therefore, you could be subject to NJ income tax.*

*That said, New Jersey does offer some relief. If your net gambling winnings for the year are \$10,000 or less, you generally do not need to pay NJ state income taxes on those winnings. But be careful — rules like this vary from state to state.*

*Best Practice: Always start with the question: "Am I receiving this income from a [State Name] source that I am currently located in as a non-resident?"*

- *If yes → Research how that specific state taxes gambling income for non-residents.*

- If no → You likely don't owe state income tax there, since the state has no taxing authority (or "nexus") over you.

Citation: [New Jersey Nonresident Return Instructions \(Form NJ-1040NR\)](#)

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## 18) If I don't report my gambling income and the IRS finds out about it—what happens? Am I going to jail?

*Answer: In most cases—no, you're not going to jail. But here's what typically does happen:*

*If the IRS detects unreported gambling income (and yes, they have ways of finding out), they will issue a Notice of Underreported Income. This letter essentially says:*

*"We believe you actually had \$20,000 in gambling income, not \$0 as reported. Here's the tax you now owe, plus penalties and interest."*

*You'll then have 30 days to respond. If you agree, you simply pay the balance, done deal you no longer need to worry about it. If you disagree, you must send documentation to support your original filing—such as a gambling log, wagering records, win/loss statements, or whatever the IRS tells you to send as proof.*

 *What if you ignore the IRS notices or you fight it and lose?*

*If you don't respond (or lose when you send them your documentation), here's how it escalates:*

1. *You'll receive a Balance Due Notice. If you pay it, you can forget about it, you are free & clear.*
2. *Continued silence leads to IRS collections.*
3. *Then come threats of asset levies or wage garnishment.*
4. *At this point, you likely need an attorney—not just a CPA or EA—because only attorneys can offer attorney-client privilege. And at this point you will cost yourself a lot without it.*

*Even so—still no jail time. At least not yet.*

 *So when does jail happen?*

*Jail time typically results only from criminal tax fraud or tax evasion—for example, when someone knowingly files a false tax return or hides income. This is rare and usually involves large amounts or clear, willful deceit. If you are also suspected of local crimes,*

*don't put it past your local detective to give the IRS a call about all your unreported "business" income.*

*But unless you're engaged in intentional fraud of large amounts or you have other criminal activity, you're likely looking at penalties and a payment plan, not prison bars. "But I knowingly filed false tax returns without the gambling income?" – True, you did, so technically you could still be charged with tax fraud. However, just because you are charged with tax fraud and then later convicted, a judge will still need to determine your sentencing as "they see fit" which could range anywhere from fines & restitution, to probation, to jail time. 9.5 times out of 10, you will just have penalties, interest, & a payment plan with the IRS moving forward.*

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## 19) Final Thoughts

*Taxes can be overwhelming, especially with the complicated rules around gambling. But here's the bottom line:*

*If you report all your income and keep detailed, verifiable records, you will be fine.*

*Treat gambling like a business:*

- a. Keep income and expense records (gambling logs + backup docs)*
- b. Use sessions to track accurate wins/losses*
- c. Notify your tax professional about any gambling activity*

*The more organized you are, the easier it is to defend your filings if the IRS ever comes knocking.*

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*\*Please consult with your tax professional on how your gambling activity will ultimately affect your tax situation. This guide is the property of TKH Accounting Services. Give us a follow on the social media platform of your choosing where we provide tax & business advice: <https://linktr.ee/tkhacc>*