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Have you finished polishing your March Madness brackets? Whether you're betting with a small group of friends or taking part in a major pool, there are some tax implications you need to consider.

As the clock ticks down to college basketball's biggest week of the year, the amount of

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- An estimated one in 10 Americans fills out a tournament bracket.

Plus, a popular contest is even offering \$1 billion to anyone who can predict a perfect tournament bracket. The odds at achieving that are one in 9.2 quintillion according to [USA TODAY](#) – that's a 9 followed by 18 digits!

Whether trying your luck in a friendly office pool, making frequent visits to casinos, horse tracks or if you enter an occasional prize raffle – a winning outcome may impact your taxable income. [CCH](#), a part of Wolters Kluwer and leading global provider of tax, accounting and audit information, software and services, provides key tax facts when reporting gambling wins and losses.

“It's hard to think about taxes when you're excited about tracking your favorite team or how much you might take home after pushing away from a casino table,” said CCH Principal Federal Tax Analyst, Mark Luscombe, JD, LLM, CPA. “Even if you're only contributing a few dollars in a friendly wagering pool or maybe a group lottery ticket purchase, it's important to know the legality of what you're getting into as well as what's considered ‘serious money’ that draws attention from tax authorities.”

### **Tax Reporting, Withholding**

For any type of gambling involving money or non-cash prizes – wins are taxable and gambling losses may be deductible to the extent of winnings. For winnings that are over \$600 or 300 times the wager, special tax reporting is required. In those cases the payer should provide IRS Form W-2G to the recipient.

On the withholding side, gambling winnings in excess of \$5,000 could be subject to a tax withholding requirement – money withheld by the payer before the winning payout is made to the recipient.

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losses for the year if you itemize your taxes. Losses should be reported on Schedule A (Form 1040), line 28. However, you cannot report gambling losses that are more than your winnings.

“When reporting gambling wins and losses, you have to keep those numbers separate,” Luscombe added. “You can’t combine your win-loss totals and only report the difference, it really needs to be a clear record of everything you won and lost over the course of the year.”

Holding onto printed gaming records, betting slips and even keeping your own win-loss score sheet can help paint an accurate picture of how much you’ve won or lost. Plus, keeping track of all gambling activities is also important for matching up wins and losses. Businesses or individuals reporting winning payouts may also report the name of the winner – who should be reporting the same amount on their taxes as part of their income.

Information for keeping accurate gaming records includes:

- Name and address of gaming establishment and the date of activity;
- Specific games or wagers made;
- Amount of winnings;
- Amount of losses; and
- Paper records or receipts (lottery tickets, horse race betting slips, keno tickets, casino credit/debit card data, etc.).

Form 5754, Statement by Person(s) Receiving Gambling Winnings, should be filed by those in a group of two or more who split a grand prize. For more information on reporting gambling wins and losses on Forms W2-G and 5754, please visit the [IRS online instructions page](#) or [www.irs.gov](http://www.irs.gov).

**Keys Points to Remember**

Cheering on your favorite team and having fun at the track or casino may be your

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