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In the throes of March Madness, the excitement of the games can sometimes overshadow the fact that NCAA Basketball Tournament bracket winnings are taxable. And while it's mostly high-stakes gamblers under the [Internal Revenue](#)

Service lens, even “social” gamblers can run into troubles if they don’t know the

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Tip #2 – Unless you’re a professional gambler (and if we’re talking about office pools, chances are, you’re not), you’ll report the gambling income as “Other income” on Line 21 of Form 1040. Adding insult to injury, you have to itemize your deductions to report any gambling losses. If you *are* a professional gambler, you’ll file a Schedule C reporting the income. And if that’s the case, let’s assume you’re generally winning, not losing. If not, the IRS may be visiting you for a potential hobby-loss issue.

Tip #3 – If you are deducting gambling losses, keep in mind that the IRS loves to audit this issue. The best thing to do is keep an accurate, contemporaneous diary of your wins and losses. It’s also a good idea to get receipts for your wins and losses. So when your team wins in the Final Four, don’t forget to ask your coworker for a receipt to document your winnings (good luck with that).

Tip #4 – If you get audited for this issue, the IRS auditor is going to assume that you’re a high risk taker and that when it comes to your tax positions, you may also be taking risks. Just remember: Risky tax positions are not valued at the IRS. Reporting the substantially correct tax liability is.

Tip #5 – Sometimes, the costs of gambling are more than just taxes. If you’re deducting losses, your tax return just got more complicated, and your tax prep fees just went up. Also, recreational gamblers can’t deduct more losses than their amount in winnings, so if you’re going to bet – win.

Jim Buttonow, CPA/CITP, is the cofounder of New River Innovation, creator of [Beyond415](#) ([Beyond415.com](#)). He has more than 25 years of experience in IRS practice and procedure. Reach Jim at jbuttonow@beyond415.com.

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