

AARP Foundation Tax-Aide, District 20 (Thurston County) Gambling Worksheet

Important Information for Taxpayers Who Gamble

Please review the information on page 2 before completing this form.

Taxpayer's Name: _____ Spouse Name if MFJ: _____

Please check if it is applicable:

- I am a Professional Gambler Who Uses Schedule C.
 I wish to use the IRS per session method to report my wins and losses.
 I wish to claim my gambling losses on Schedule A (Form 1040).

If you checked any of the above, please stop here and speak with one of our Counselors as your return is out of scope, which prevents us from preparing it.

If you checked none of the above, please complete the remainder of this worksheet.

I received one or more **Form W-2G, Certain Gambling Winnings** for Calendar Year 2025 or other gambling related tax documents: Yes No.

If so, how many? _____ Did you bring them with you? Yes No

Gambling Winnings for Calendar Year 2025	Enter Amount
Forms W-2G; Forms 5754	
All gambling winnings not reported to IRS on Forms W-2G or Forms 5754	

If your return is out of scope because you are a professional gambler, a casual gambler who wishes to use the IRS per-session method to report their wins and losses, or a gambler who wants to claim their gambling losses on Schedule A please visit our [Learn More page](https://taxaidewa20.org/learn/) (<https://taxaidewa20.org/learn/>) on our website to find help in finding a paid tax preparer or in preparing your own return with free software.

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All gambling winnings are fully taxable and must be reported as income on your tax return. This includes, but is not limited to winnings from lotteries, raffles, horse races, and casinos. It includes cash winnings and the fair market value of prizes, such as cars and trips. **You must report all winnings, including those that are not reported on a Form W-2G or other tax document.**

The IRS rules for reporting gambling winnings and losses vary depending on whether a taxpayer is (1) a professional gambler; or (2) a casual gambler who gambles as a hobby or for recreation.

Professional Gamblers. A taxpayer who claims to be engaged in the trade or business of gambling is considered self-employed and must report their gambling winnings, losses, and other business expenses on Schedule C. Tax-Aide Counselors are not allowed to prepare returns for professional gamblers.

Casual Gamblers. Casual gamblers must report *all* their gambling winnings for the year on their Schedule 1 (Form 1040) even if these winnings are not large enough to require a payee to issue a W-2G or other tax document or to withhold federal income tax. **A casual gambler cannot reduce their gambling winnings by their gambling losses and report the difference.**

IRS Per Session Method. A casual gambler must report all their gambling winnings from each individual wager unless they use the IRS per session method of reporting their win and losses. A casual gambler who uses this method is allowed to report their net win gambling sessions as gambling income on Schedule 1 (Form 1040). Their net loss gambling sessions may be claimed on Schedule A up to the total amount of their winning sessions. Tax-Aide Counselors are not allowed to prepare returns for gamblers who wish to use the IRS per-session method.

Gambling Losses. A casual gambler who has kept an adequate gambling diary or similar record may claim their gambling losses up to their amount of their winnings, provided they itemize their deductions on Schedule A (Form 1040). Most taxpayers, however, take the Standard Deduction rather than file a Schedule A because their itemized deductions are less than their Standard Deduction. In that case, the casual gambler cannot claim any gambling losses. District 20 prohibits its counselors from preparing a return when a taxpayer wants to claim their gambling losses on Schedule A as taxpayers seldom have the necessary records and would most likely benefit from using the IRS per session method.

IRS Record Keeping Requirements

All casual gamblers must keep an accurate diary or similar record of their gambling wins and losses and be able to provide receipts, tickets, statements, or other records that show the amount of both. Your diary or records should show your winnings separately from your losses. Your diary or similar record should contain at least the following information:

- The date and type of each wager.
- The name and address or location of the gambling establishment.
- The names of other people present at the gaming establishment with you.
- The amount you won or lost.

Tax Courts have upheld the IRS position that casino win/loss statements are not an adequate substitute for a gambling diary or similar record of a taxpayer's wins and losses.

Additional Guidance. [Topic No. 419, Gambling Income and Losses](https://www.irs.gov/taxtopics/tc419)
(<https://www.irs.gov/taxtopics/tc419>).