

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
FS1104	Gambling Winnings - Fact Sheet

Gambling Winnings

What You Should Know About the Taxation of Gambling Winnings in Wisconsin Fact Sheet 1104

revenue.wi.gov

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by [sec. 227.112\(1\)](#), Wis. Stats.

Do I Pay Tax on My Gambling Winnings in Wisconsin?

Yes, gambling winnings are fully taxable and must be reported on your Wisconsin income tax return. You may claim a credit on your Wisconsin income tax return for any Wisconsin income taxes withheld from your gambling winnings. You must report your gambling winnings even if Wisconsin income taxes are not withheld.

If you are a Wisconsin resident and paid a net income tax to another state or the District of Columbia on gambling winnings, you may be entitled to claim a credit for net income tax paid to the other state on your Wisconsin income tax return. To qualify for the credit, the winnings that were taxed by the other state must be included in your Wisconsin income and be taxed by Wisconsin. For additional information on this credit, see [Schedule OS instructions](#), *Credit for Net Tax Paid to Another State*.

What If I Am Not a Resident of Wisconsin?

If you are a nonresident or part year resident of Wisconsin and your Wisconsin gross income (including gambling winnings) is \$2,000 or more, you must file a Wisconsin return using [Form 1NPR](#). Gross income means all income (before deducting expenses) reportable to Wisconsin. You may obtain the Wisconsin Form 1NPR from the [Wisconsin Department of Revenue](#) website.

If your state of residence has an income tax, you may be able to claim a credit for tax paid to Wisconsin. Contact your state revenue department for the specific requirements in the state where you reside.

What Types of Information Do Casinos Report to the Federal Government?

Federal law requires casinos to **report** winnings of \$1,200 or more from bingo and slot machines. This is only a reporting requirement, not a requirement that the casino withhold tax from your winnings. If you win \$1,200 or more on a bingo or slot machine, the casino must report the amount of cash winnings to the Internal Revenue Service (IRS). Casinos are also required to report the fair market value of prizes, such as cars or trips. Winners will be given a copy of Form W-2G showing winnings of \$1,200 or more.

Will Wisconsin Native American Casinos Withhold Income Tax on Gambling Winnings?

To ensure you meet your tax obligations, you may ask the casino to withhold state and federal taxes from your gambling winnings.

How Will I Know If Tax Was Withheld from My Gambling Winnings?

Federal taxes withheld from winnings will be shown in Box 4 of Form W-2G. If state tax has been withheld, it will be shown in Box 15 of the Form W-2G.

Do I Need to Make Estimated Tax Payments?

You may be required to make estimated tax payments on Wisconsin [Form 1-ES](#). This requirement depends on:

- (1) How much your winnings raise your tax liability, and
- (2) The amount already paid through withholding or estimated tax payments.

Can I Deduct My Gambling Losses in Wisconsin?

For taxpayers who gamble as a hobby, Wisconsin has adopted the "gambling session" method of determining gains and losses for tax reporting purposes. A "gambling session" is a period of continual play with only a short break in play (restroom break, beverage break, table/machine change, game change, etc.).

The taxpayer determines the net amount of gains or losses for each gambling session. The taxpayer then reports the net gains from all winning sessions for the year in Wisconsin taxable income if the winning sessions have a situs in Wisconsin. If the taxpayer has losing sessions, the net losses from those sessions are not deductible for Wisconsin income tax purposes.

For example, you play the following gambling sessions during 2019:

Session	Date	Money In	Money Out	Gain (Loss)
1	2/2/2019	\$ 500	\$ 700	\$ 200
2	5/12/2019	\$ 1,000	\$ 600	\$ (400)
3	9/18/2019	\$ 300	\$ 1,000	\$ 700
4	11/25/2019	\$ 1,200	\$ 300	\$ (900)

The amount you report as taxable Wisconsin income is \$900, the total amount of gains for the year. You cannot net your losing sessions with your winning sessions for purposes of figuring your taxable Wisconsin income.

For taxpayers that are Wisconsin residents, gambling income has a situs in Wisconsin regardless of where the gambling activity takes place. For taxpayers that are nonresidents, gambling income has a situs in Wisconsin if the net winnings are derived from any of the following:

- A casino or bingo hall located in Wisconsin and operated by a Native American tribe or band
- Pari-mutuel wagering paid by a Wisconsin racetrack
- The Wisconsin Lottery
- A multijurisdictional lottery if the ticket was purchased from a Wisconsin retailer

In order to use the session method to report gambling gains, the taxpayer must be able to prove the net amount from each gambling session. The proof could be detailed original statements from a casino showing the taxpayer's betting activities, or it could be the taxpayer's own detailed records that keep track of the amount of money he or she brought into each gambling session and the amount of money he or she brought out of each gambling session if the records were prepared at the time the sessions took place.

If the taxpayer has no records to prove each session's net gains and losses, the taxpayer must report the amount of gambling income from his or her W-2Gs, plus any winnings not reported on a W-2G.

If a taxpayer qualifies as a professional gambler, he or she reports gambling income and losses as a business activity on federal Schedule C.

Additional Information or Comments

- Visit the department's [website](#) for electronic versions of all Wisconsin tax forms and publications
- Email your questions or comments to DORIncome@wisconsin.gov
- Contact our Customer Service Bureau at (608) 266-2486

Information on federal taxation of gambling winnings and withholding requirements can be found in [Tax Topic Number 419](#) on the IRS website and [Publication 3908](#), *Gaming Tax Law and Bank Secrecy Act Issues for Indian Tribal Governments*. You may also call the IRS at 1-800-829-1040.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of January 31, 2020: Chapter 71, Wis. Stats., and 26 CFR 1.6041-10

Laws enacted and in effect after January 31, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to January 31, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

Certification Statement

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats.. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE



Peter Barca

Secretary of Revenue

Last updated January 31, 2020