



US Tax on Casino Winnings for Canadians

US Tax on casino winnings are taxable for residents of most countries. There are certain countries that are exempt from US tax on casino winnings. Canada is a unique case in that the treatment of gambling income follows the treatment of casino winnings in the USA.

For residents of both the US and Canada, US tax on winnings is based on the gambling income after deducting gambling losses. You are entitled to reduce your casino winnings by the wagers placed on this income. Proper documentation is required to support your US tax on casino winnings. Documentation to support this offset can take the form of a gambling journal to support your net winnings. This journal should be made daily as you gamble. Record the casino or other gambling establishment's name, the date and the gambling activity, whether slots or poker or another type of gambling. If, for example you are in Las Vegas, record the date, the name of the casino, the names of anyone with you at the time of your Las Vegas winnings. It is important that you record the Las Vegas winnings separately from the losses, as both need to be shown on a daily basis.

In addition to a gambling journal you should have corroborating evidence such as signed receipts given to you at the time of the wins, and a 1042-S slip showing the amount of tax withheld. To show the source of funds used for your Las Vegas winnings you should have a record of cash withdrawals made at the casino or poker chips bought and cashed in. When you buy US cash to use for gambling prior to your trip, retain the receipt showing the US cash bought. When you return from your Las Vegas winning trip, record the bank deposit made of your casino winnings. A Win/Loss tax statement can also be requested from the casino, which shows the Las Vegas winnings and money spent gambling. It is highly recommended that you get a Players Card to use to track your winnings and losses to support your **US tax on casino winnings**.

If the IRS decide to audit your US tax winnings, then you will be asked to contact the casino to get independent verification that your tax slips are accurate. You will also be asked to provide a gambling journal, any Win/Loss tax statements and cash withdrawal slips etc. The time allotted to provide this is usually short, so have these documents in hand in the event the IRS decide to audit the **US tax on casino winnings** you may have.

Casino Tax Rebate® can help you with this process.