

U.S. gambling winnings

U.S. citizens, resident aliens and green card holders are subject to U.S. tax on their gambling winnings.

Canadians who do not fall into this category are subject to a 30% withholding tax on winnings. Games such as blackjack baccarat, craps, roulette or Big 6 wheel winnings are not subject to the 30% non-resident withholding tax.

If tax was withheld from your winnings on exempt games, you may file a U.S. 1040NR in the following year to obtain a refund if tax was withheld.

If there was tax withheld on other games, Article XXII of the Canada/U.S. tax treaty allows you report winnings net of losses and compute your tax on a graduated tax basis. From the computed tax liability, you claim a credit for any tax withheld that is noted on the information slip provided to you by the casino.

Please note that you have to prove your losses with gambling receipts, tickets and statements.

Contact your professional advisor prior to implementing any of the outlined strategies

Internal Revenue Service Circular 230 Disclosure

Pursuant to Internal Revenue Service Circular 230, we hereby inform you that the advice set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and cannot be used, by you or any taxpayer, for the purpose of avoiding any penalties that may be imposed on you or any other person under the Internal Revenue Code.