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THE TAX LAWYER

TAXES 5/19/2015

Floyd Mayweather Gambles, Wins, Pays IRS

Floyd Mayweather is truly a money man, and not only in boxing. He earned at least \$180 million for his boxing win over Manny Pacquiao, and [reportedly could break \\$400 million](#) when the take is final. A mere two weeks after the bout, he raked in nice gambling winnings. Some reports say his winnings from a few sports bets placed over 4 days were over \$800,000. Other sources suggest that Mayweather put down \$350,000 and turned in a profit of \$477,000.

His bets were on boxers Gennady Golovkin vs. Willie Monroe Jr. (to finish in under 5.5 rounds) as well as on NBA games. For someone in Mayweather's tax bracket, this may sound like pocket change. At the same time, the IRS will expect its cut, since gambling winnings are taxable no matter what. In contrast, losses are often nondeductible, which hardly seems fair.

Gambling income includes winnings from lotteries, raffles, horse and dog races and casinos. What's more, if you win in kind, you'll have to pay tax on the fair market value of prizes such as cars, houses, trips or other noncash prizes. You name it, it's taxed.



Most people don't gamble for a living, and that means most people are classified as casual gamblers by the IRS. Casual gamblers face strict rules about tax deductions. You can't deduct gambling losses that are more than your winnings, and even then, deductions are limited. But all gambling income is taxed, including winnings from lotteries, raffles, horse and dog races and casinos. If you win in kind, you'll have to pay tax on the fair market value of prizes such as cars, houses, trips or other non-cash prizes.

Depending on the type and amount of your winnings, the payer might even provide you with a [Form W-2G](#), a special form for reporting gambling winnings. They may even withhold federal income taxes from the payment. But even if they don't, you still have to report and pay tax.

Conversely, deductions are limited. If you itemize deductions, you can deduct your gambling losses for the year on line 28 of [Schedule A, Form 1040](#). And this is where things get sticky. It is important to keep an accurate diary or similar record of your gambling winnings and losses. To deduct your losses, you must be able to provide receipts, tickets, statements or other records that show the amount of both your winnings and losses.

Sadly, this is why most people are not able to claim their losses. Some people think keeping books and records of your wagers takes all the fun out of it. Maybe, but if you care about taxes, recreational gamblers need to keep a diary or other contemporaneous record. List how much you bet and lose on each visit to the casino. Your occasional big win will be reported to the IRS by the casino.

But if you want to use your gambling losses to offset your winnings, keep records. If you don't, you may end up with your winnings being taxed, and your losses being nondeductible.

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