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Three Powerball Winners Split \$448M, IRS Wins Big Too

Three Powerball winners—two in New Jersey and one in Minnesota—have won the multistate lottery's latest massive jackpot.

See [Powerball official: 3 winners for \\$448 million pot](#). Because three tickets matched all six numbers, Powerball officials said the three winners would split the \$448 million jackpot. The numbers drawn were: 05, 25, 30, 58, 59 and Powerball 32.



People may have expected a pot of \$425 million, but a frenzy of last-minute ticket buying bloated the jackpot to \$448 million. The biggest Powerball jackpot in history was a \$590 million win in Florida. The outsize numbers make most plain old state lotteries look puny, which is one reason even holdouts like California joined the Powerball chant. See [Powerball added to California lottery lineup](#). SuperLotto Plus, Mega Millions, and other play can seem downright puny.

A \$2 Powerball ticket competes for \$40 million, and that amount goes up \$10 million for each drawing without a winner. Pick five numbers between 1 and 59, and a Powerball number from 1 to 35. Then wait. The odds against hitting Powerball's six-number jackpot are long, over 175 million to one.

Still, you can always dream, and you may as well dream big. Of course, even if you beat long odds and win, you'll have taxes to pay, and that's more challenging than you might think. Time and again, winners have trouble paying their taxes or get confused. See [How Much Tax Will Your Owe On a \\$320M Jackpot? A Lot More Than In 2012.](#)

Winning big doesn't mean avoiding taxes. See [How Much Tax Will You Owe On A \\$600 Million Jackpot?](#) The states vary in how they treat lottery winnings. A few states still don't have lotteries. Some states exempt their **own** state lottery winnings but not Powerball or other state lotteries. How about the IRS?

You can count on consistency from the feds. If you win big, you can assume you'll pay the top 39.6% federal rate. Paying tax isn't optional either, as an IRS [Form W-2G](#) will report your winnings.

In fact, you can be taxed even if you split the money with family, friends or even charity unless you are very, very careful. Lottery winners frequently make mistakes, and form and timing in such matters are key. And a run for the state border with your cash isn't likely to work either, however tempting it may be.

As Deborah Jacobs' [10 Things To Do When You Win The Lottery](#) notes, if you win, see a tax adviser soon. Plan your tax moves carefully. It pays to underscore this advice because tax problems can snowball—not unlike a Powerball jackpot.

Keep a reserve for taxes, and allow for extra taxes if you give money to charity or family. Plan any transfer to charity, family or friends carefully. Charitable contribution tax deductions are usually limited to 50% of your income and in some cases less. Thus, a winner giving all the money to charity might **still** pay tax on half.

In [Dickerson v. Commissioner](#), an Alabama waitress won a \$10 million jackpot on a ticket given to her by a customer. The Tax Court held she was liable for gift tax when she transferred the winning ticket to a family S corporation (she owned 49 percent). See [Don't Assign Litigation Claims in a Waffle House.](#)

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