



Contact:

September 23, 2019

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Q: For tax purposes, what's the difference between a casual gambler and a professional gambler?

A: The tax code treats these two types of gamblers differently. There are several requirements for a taxpayer to be deemed a professional gambler. Generally speaking, the taxpayer has to engage in the trade or business of gambling. If these requirements (discussed below) are not met, then the gambling is deemed casual in nature.

Q: What are the general requirements to be considered a professional gambler?

A: Regs. Sec 1.183-2(b) provides the facts and circumstances that should be taken into account to meet the level of a professional gambling business: the manner in which the taxpayer carries out the activity, the expertise of the taxpayer, the time and effort expended by the taxpayer, the success of the taxpayer, the taxpayer's income or loss history, the amounts of occasional profits, the presence or absence any other nongambling income, and if there are any elements of personal or recreational pleasure.

Q: What are the benefits of being a professional gambler?

A: Until 2017, professional gamblers were able to deduct business expenses and losses in excess of their gambling income. The Tax Cuts and Jobs Act of 2017 changed this rule. For tax years 2018-2025, professional gamblers can no longer deduct business expenses and losses in excess of their gambling income.

Q: What if I'm a professional gambler with pre-2018 net operating losses from my gambling business?

A: You will be able to expend the net operating loss you've generated prior to 2018, but keep in mind that from 2018-2025 you will not be able to generate any further net operating losses from the gambling business.

Q: What is the tax treatment for casual gambling?

A: Due to the Tax Cuts and Jobs Act, casual gambling can no longer be offset by casual gambling losses. The deductibility of casual gambling losses have been suspended for the tax years 2018-2025. For more information on the tax implications of either casual and professional gambling, contact your CPA.