

Gambling Winnings in the U.S. for Canadian Residents

Residents of Canada may claim gambling losses, but only to the extent of gambling winnings. They should report both their total gambling winnings and total gambling losses for the year. The net amount will be taxed at the 30% withholding rate and the amount withheld on the gambling winnings will be credited as tax already paid to generate a tax refund.

For example, Joe Canuck, a resident of Toronto, goes to Caesars Palace in Las Vegas and hits the jackpot on a slot machine that pays out \$1,000. 30% is deducted and he receives \$700 and a 1042-S indicating his winnings of \$1,000 and tax deducted of \$300. Prior to his big win he had gambling losses of \$800. He would then claim on his U.S. tax return gambling winnings of \$1,000, gambling losses of \$800 for a net win of \$200 and income tax of \$60. He would then claim a refund of \$240.

Please ensure that you have the documentation to support the gambling losses.

In order to file a U.S. return you would have to have an ITIN (Individual Taxpayer Identification Number) or would have to apply for one when filing the U.S. return.

As is the case, gambling winnings are not taxable in Canada and would not be reported on a Canadian tax return.