

Subject 208

Gambling Income and Expenses

Gambling winnings are fully taxable and must be reported on your tax return as “Miscellaneous Income”. Gambling income includes, but is not limited to, winnings from lotteries, raffles, horse races, and casinos, as well as the fair market value of prizes such as cars and trips.

Exception: Winnings from **Arkansas** electronic games of skill are assessed a 3% flat tax. The winnings and tax are not included on the individual Arkansas tax return as income or withholding.

If you itemize your deductions, you may claim your gambling losses as a miscellaneous deduction not subject to the 2% deduction on Form **AR3**, Itemized Deduction Schedule. You cannot deduct more losses than the amount of gambling winnings you report on your return. It is important to keep an accurate record of your gambling winnings and losses—you must provide receipts, tickets, or statements to document your winnings and losses, if requested.