



Association of Gaming Equipment Manufacturers

January 5, 2026

Sent via Electronic Dissemination

Dear Industry Partners, Operators and Regulatory Authorities:

As we enter 2026, the Association of Gaming Equipment Manufacturers (“AGEM”), on behalf of its membership across the gaming supplier sector, seeks to raise awareness of the opportunities associated with the changes to tax reporting thresholds and requirements within the One Big Beautiful Bill Act (the “Act”) enacted this past summer by the United States Congress and signed into law by President Trump. By doing so, our regulated gaming supplier community wishes to make our industry friends, regulators and partners aware of a few key issues surrounding those changes at the federal level in hopes of minimizing disruption or confusion associated with these new limits for products in gaming establishments across the United States.

First and foremost, we agree with and appreciate the efforts of our friends at the American Gaming Association (the “AGA”) and ongoing attempts to provide gaming industry perspective on the implementation process for any rules, guidance, procedures, policies and/or forms necessary to effectuate the increased statutory floor for federal tax withholding and reporting up to \$2,000 from \$1,200 and further clarification on such increases to \$2,000 applying to both W2G and 1099-Misc limits. We wholeheartedly support the information and analysis supplied by the AGA in its July 2025 letter to Treasury Department and Internal Revenue Service leadership on this critical issue and welcomed the recent issuance of the 2026 draft tax withholding form on December 16, 2025.¹ We similarly understand there may be additional steps to further implement the Act, with many of those taking place after January 1, 2026 and recognize that continued regulatory efforts and/or potential legislation at the federal level to increase the threshold higher may be ongoing, along with the potential mechanisms within the Act and application regulations for adjustments further upward in future years. These are positive developments, as bringing those amounts to 2025 inflation-adjusted amounts would benefit all industry participants. In doing so, though, that will result in a threshold that is likely to continue changing over time, meaning any efforts to conform in 2025-26 may be repeated in future years.

Beyond the forthcoming guidance and rulemaking already outlined by the AGA, AGEM wishes to remind our industry colleagues that despite the changes to federal law, several jurisdictions still retain the \$1,200 amount for withholding and reporting, whether by statute or regulation. Similarly, many states and local jurisdictions maintain similar withholding requirements aligned with the lower \$1,200 amount within their jurisdictions, whether for child support obligations or similar public policy concerns decisions chosen in each. To date, none of those amounts have

¹ A copy of that July 31, 2025, correspondence is included herein. A copy of the updated 2026 draft form issued on December 16, 2025, is also included herein.

been revised or changed and remain in place, meaning licensed suppliers are obligated to comply with those reporting thresholds until amended, regardless of changes made in the Act. Our membership in the supplier community will each develop and implement the necessary updates to their software and hardware, but please remember that each supplier will have a different solution depending on its technology and products in hundreds of markets and jurisdictions across the United States. Because those suppliers must pursue and fulfill extensive testing, certification and approval requirements for countless products in each jurisdiction in which they hold a license, we recommend that all operators and regulators directly communicate with each of your supplier vendors and licensees with your instructions, needs and expectations at your earliest convenience. These communications are critical so that all your desired updates can be completed and implemented or whether you wish to maintain the status quo until there is more clarity on legislative and regulatory requirements in particular jurisdictions.

Similarly, that communication is critical as hundreds of thousands of products across hundreds of jurisdictions across the United States are updated, revised, modified or serviced to meet these new requirements in the months and years ahead. That coordination requires consensus, communication and input from regulators, operators and suppliers alike because of the frameworks in place before products can be delivered, serviced, shipped, received or modified. Our suppliers do not wish to impact or disrupt gaming operations at customer locations or ignore technical requirements from its regulators across the United States. But, given the scale, scope, breadth and impact of these forthcoming changes across the country, it is certainly foreseeable that inadvertent mistakes or unintentional errors might occur during this multi-month process. Rather than creating an environment where each potential miscommunication or error could be viewed as an opportunity to issue fines, notices or regulatory actions, we would hope that our industry could work together in 2026 on this issue in a collegial and cooperative way since everyone is managing changes and developments outside their direct control. Our industry is better together, and this is a great opportunity for the regulated gaming community of regulators, operators and suppliers to collaborate and take advantage of changes made for the betterment of regulated gaming.

Thank you again for all you do in our chosen industry. Our supplier sector looks forward to providing the products, solutions and services in accordance with your direction and needs. Our trade association wishes to remain a resource to provide a supplier perspective and welcomes the opportunity to do so, as our goal is to strengthen this country's gaming industry for all involved.

Sincerely,



Daron Dorsey
President & CEO
Association of Gaming Equipment Manufacturers (AGEM)
8400 W. Sunset Road, 3rd Floor
Las Vegas, Nevada 89113

July 31, 2025

The Honorable Scott Bessent
Secretary
Department of Treasury
Washington, DC 20224

The Honorable Billy Long
Commissioner
Internal Revenue Service
Washington, DC 20224

Dear Secretary Bessent and Commissioner Long,

On behalf of the American Gaming Association (AGA) and its members, I write to offer our support and assistance as your agencies begin regulatory implementation of the recently-enacted “One Big Beautiful Bill Act” (OBBBA). In particular, the AGA is keenly interested in working with you to ensure adjustments to reporting thresholds pursuant to Sec. 70433 can be implemented seamlessly across the gaming industry – which includes a variety of business operations as well as state and tribal gaming regulatory bodies.

In addition to tax policies that support economic growth, the OBBBA also included important measures to modernize tax compliance. For the gaming industry, the long-overdue update to reporting thresholds will result in meaningful progress in aligning federal tax policy with the realities of modern casino operations. The threshold for filing tax information on slot jackpots was set at \$1,200 in [Regulation § 1.6041-10](#) in 1977 and has not changed since. When a patron hits a \$1,200 or more jackpot the machine immediately shuts down and the patron must wait for an employee to come to the casino floor to issue them a W2G tax form. The level set in 1977 of \$1,200 was reasonable at the time, but that amount has not kept pace with inflation and does not make sense in 2025. Today, adjusted for inflation, the threshold should be over \$6,600.

For years, there has been bipartisan support for increasing the threshold. In the FY2021 Omnibus Appropriations bill Congress directed the Department of Treasury to examine using their regulatory authority to update the dollar threshold for tax information reporting for slot machine jackpots. Unfortunately, however, the previous Administration privately contended that the statutory threshold of \$600 set in [Section 6041 of the tax code](#) precluded them from using their regulatory authority to increase the threshold. As a result, in 2022, bipartisan legislation was introduced in the House to increase the threshold to \$5,000 and include a mechanism to keep pace with inflation. That legislation has been reintroduced in every subsequent Congress.

In 2023, the IRS Advisory Council (IRSAC) issued [their recommendation](#) that the IRS increase the tax reporting threshold for slot machine jackpot winnings to \$5,000 and to consider periodic increases to increase the threshold to a dollar amount multiplied by the cost-of-living adjustment. The report notes that this policy, “Has placed an unnecessary compliance burden on the player (taxpayer), increased administrative costs for tribal (and commercial) casinos, and creates paperwork backlogs and operational burdens at the IRS.” Both the House and Senate FY25 Appropriation bills addressed this issue as well, but because a continuing resolution was eventually passed that language never become law.

While the AGA continues to agree with the IRSAC’s view that Treasury and the IRS already have the regulatory discretion to set a slot reporting threshold that more accurately reflects decades of inflation, we

are nonetheless very grateful the OBBBA's update to Section 6041 establishes the higher statutory floor of \$2,000.

As the agency moves forward with the implementation process including any necessary rulemaking or guidance, the AGA is prepared to assist in providing insight from across the regulated gaming industry. Slot machine operations are subject to extensive software testing and regulatory oversight in every state in which they operate. AGA member companies invest significantly in compliance infrastructure to support proper withholding, reporting, and recordkeeping.

To ensure effective implementation of the new threshold, we respectfully request that the IRS engage with stakeholders during this process. We would welcome the opportunity to convene technical experts from our member companies to share input on operational realities, system limitations, and opportunities to streamline compliance in a way that benefits both taxpayers and the agency.

Finally, we encourage you to consider the possibility of future increases to the slot tax reporting threshold. While the increase under the OBBB is welcomed, the threshold remains far below where it would be if indexed for inflation since its original adoption nearly fifty years ago. Maintaining flexibility for future adjustments would help prevent a return to the outdated and burdensome reporting framework that the recent legislation appropriately begins to modernize.

Thank you again for your leadership and consideration. We appreciate the opportunity to serve as a resource to your agencies throughout this process.

Sincerely,



William C. Miller, Jr.
President & CEO

CC: Assistant Secretary of Tax Policy Ken Kies



Note: *The draft you are looking for begins on the next page.*

Caution: DRAFT—NOT FOR FILING

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms.** We incorporate all significant changes to forms posted with this coversheet. However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and pubs usually have some additional changes before their final release. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). Also see [IRS.gov/Forms](https://www.irs.gov/Forms).

Most forms and publications have a page on IRS.gov: [IRS.gov/Form1040](https://www.irs.gov/Form1040) for Form 1040; [IRS.gov/Pub501](https://www.irs.gov/Pub501) for Pub. 501; [IRS.gov/W4](https://www.irs.gov/W4) for Form W-4; and [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA) for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). Include “NTF” followed by the form or pub number (for example, “NTF1040”, “NTFW4”, “NTF501”, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each “NTF” message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).



Instructions for Forms W-2G and 5754

(Rev. January 2026)

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Increase in threshold for requiring filing of certain information returns and backup withholding. For calendar years after 2025, the minimum threshold amount for reporting certain payments and backup withholding on certain information returns, including the Form W-2G, will be adjusted yearly for inflation. The minimum threshold amount for payments made in calendar year 2026 is \$2,000. See Pub. 1099 and [IRS.gov/Inflation-Adjusted-Tax-Items-by-Tax-Year](https://www.irs.gov/Inflation-Adjusted-Tax-Items-by-Tax-Year) for future years threshold amounts.

Sports wagering. A section has been added with information on reporting gambling winnings earned from wagering on sports. See [5. Sports Wagering](#) for more information.

Future Developments

Information about any future developments affecting Form W-2G or Form 5754 (such as legislation enacted after they were published) will be posted at [IRS.gov/FormW2G](https://www.irs.gov/FormW2G) and [IRS.gov/Form5754](https://www.irs.gov/Form5754), respectively. Information about developments affecting these instructions will be posted on both pages.

Reminders

In addition to these specific instructions, you should also use Pub. 1099, General Instructions for Certain Information Returns, which includes information about the following topics.

- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

Pub. 1099 is available at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions).

Continuous-use form and instructions. Form W-2G and its instructions have been converted from an annual revision to continuous use. Both the form and instructions will be updated as needed. For the most recent version, go to [IRS.gov/FormW2G](https://www.irs.gov/FormW2G).

Regular withholding rate. The withholding rate under Section 3402(q) applicable to winnings of \$5,000 or more from sweepstakes, wagering pools, certain parimutuel pools, jai alai, lotteries, and sports wagering is 24%. This rate appears in the [Withholding, Regular Gambling Withholding for Certain Games, Noncash payments](#), and [Backup Withholding](#) sections under *Specific Instructions for Form W-2G*; the [Withholding](#) section under *1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later*; the [Withholding](#) section under *2. Sweepstakes, Wagering Pools, and Lotteries*; and the [Withholding and Forms W-2G for Multiple Winners](#) section under *Specific Instructions for Form 5754*.

Backup withholding rate. The backup withholding rate under Section 3406 applicable to certain winnings where the winner doesn't furnish a correct taxpayer identification number (TIN) is

24%. This rate appears in the [Withholding, Regular Gambling Withholding for Certain Games](#), and [Backup Withholding](#) sections under *Specific Instructions for Form W-2G*; the [Withholding](#) section under *1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later*; and the [Withholding](#) section under *2. Sweepstakes, Wagering Pools, and Lotteries*.

Payee identification rules. A payee of gambling winnings meeting the reporting thresholds for bingo, keno, and slot machines, and a payee of gambling winnings meeting the withholding thresholds from horse racing, dog racing, jai alai, sweepstakes, wagering pools, lotteries, sports wagering, and certain other wagering transactions, but not from a state-conducted lottery, must present two forms of identification, one of which must include the payee's photo. A completed and signed Form W-9 is acceptable as the nonphoto form of identification. Gaming establishments owned or licensed by a tribal government of a federally recognized Indian tribe may waive the photo ID requirement for payees who are members of that tribe and present a tribal member identification card issued by the same tribe. These rules affect boxes 11 and 12 under the instructions for *1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later*; *2. Sweepstakes, Wagering Pools, and Lotteries*; *3. Bingo, Keno, Slot Machines*; and *5. Sports Wagering*.

Rules for determining the amount of the wager for certain gambling winnings. All wagers placed in a single parimutuel pool and represented on a single ticket are aggregated and treated as a single wager for purposes of determining the amount of the wager with respect to winnings from parimutuel betting on horse racing, dog racing, or jai alai. These rules affect boxes 1 and 4 under the instructions for *1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later*.

Amounts paid with respect to identical wagers are treated as paid with respect to a single wager for purposes of calculating the amount of proceeds from a wager. Two or more wagers are identical wagers if winning depends on the occurrence (or non-occurrence) of the same event or events; the wagers are placed with the same payer; and, in the case of horse races, dog races, or jai alai, the wagers are placed in the same parimutuel pool. These rules affect boxes 1, 4, and 7 under the instructions for *1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later*; *2. Sweepstakes, Wagering Pools, and Lotteries*; and *5. Sports Wagering*.

Optional reporting method for bingo, keno, and slot machine winnings. A payer may use the optional aggregate reporting method to report more than one payment of reportable gambling winnings from bingo, keno, or slot machines received by a payee in a 24-hour calendar day or "gaming day" on a single information return. For more information, see the instructions for box 1 under *3. Bingo, Keno, and Slot Machines*.

Specific Instructions for Form W-2G

File Form W-2G, Certain Gambling Winnings, to report gambling winnings and any federal income tax withheld on those winnings. The requirements for reporting and withholding depend on the type of gambling, the amount of the gambling winnings, and

generally the ratio of the winnings to the wager. File Form W-2G with the IRS. You must provide a statement to the winner (Copies B and C of Form W-2G).

The types of gambling are discussed in these instructions under the following five headings.

1. [Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later.](#)
2. [Sweepstakes, Wagering Pools, and Lotteries.](#)
3. [Bingo, Keno, and Slot Machines.](#)
4. [Poker Tournaments.](#)
5. [Sports Wagering](#)

Reportable Gambling Winnings

Report gambling winnings on Form W-2G if the winnings are subject to federal income tax withholding (either regular gambling withholding or backup withholding). See Pub. 1099 and [IRS.gov/Inflation-Adjusted-Tax-Items-by-Tax-Year](#) for information on the applicable reporting threshold for each type of gambling winnings.

Tax-Exempt Organizations

A tax-exempt organization conducting gaming activities may be required to withhold income tax and report on Form W-2G. See Pub. 3079, Tax-Exempt Organizations and Gaming, for more information.

Withholding

There are two types of withholding on gambling winnings: (a) regular gambling withholding at 24% (31.58% for certain noncash payments), and (b) backup withholding that is also at 24%. If a payment is already subject to regular gambling withholding, it isn't subject to backup withholding.

Regular Gambling Withholding for Certain Games

You may be required to withhold 24% of gambling winnings for federal income tax. This is referred to as regular gambling withholding. Withhold at the 24% rate if the winnings minus the wager are more than \$5,000 and are from:

- Sweepstakes;
- Wagering pools;
- Lotteries;
- Wagering transactions in a parimutuel pool with respect to horse races, dog races, or jai alai, if the winnings are at least 300 times the amount wagered; or
- Sports wagering and other wagering transactions, if the winnings are at least 300 times the amount wagered.

Regular gambling withholding doesn't apply to winnings from bingo, keno, or slot machines, nor does it apply to winnings from other wagering transactions if the winnings are \$5,000 or less. However, see [Backup Withholding](#), later.

Regular gambling withholding is figured on the total amount of gross proceeds (the amount of winnings minus the amount wagered), not merely on the amount in excess of \$5,000.

Report the amount you withheld in box 4 of Form W-2G. Also, file Form 945, Annual Return of Withheld Federal Income Tax, to report all your gambling withholding.

Noncash payments. You must take the fair market value (FMV) of a noncash payment, such as a car in a sweepstakes, wagering pool, or lottery, into account for purposes of reporting and withholding. If the FMV exceeds \$5,000, after deducting the price of the wager, the winnings are subject to 24% regular gambling withholding. The tax you must withhold is computed and paid under either of the following two methods.

1. The winner pays the withholding tax to the payer. In this case, the withholding is 24% of the FMV of the noncash payment minus the amount of the wager.

2. The payer pays the withholding tax. In this case, the withholding is 31.58% of the FMV of the noncash payment minus the amount of the wager.

If you use method 2, enter the sum of the noncash payment and the withholding tax in box 1 of Form W-2G and the withholding tax paid by the payer in box 4.

Backup Withholding

You may be required to withhold 24% of gambling winnings (including winnings from bingo, keno, slot machines, and poker tournaments) for federal income tax. This is referred to as backup withholding. You should backup withhold if:

- The winner doesn't furnish a correct taxpayer identification number (TIN),
- Regular gambling withholding hasn't been withheld, and
- The winnings meet or exceed the applicable reporting threshold and (if applicable) are at least 300 times the wager.

Figure any backup withholding on the total amount of the winnings reduced, at the option of the payer, by the amount wagered. The total amount, not just the payments in excess of the applicable reporting threshold, is subject to backup withholding.

Report the amount you withheld in box 4 of Form W-2G. Also, file Form 945 to report all backup withholding. You may use Form W-9, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

See the following instructions for each type of gambling for detailed rules on backup withholding.

Foreign Persons

Payments of gambling winnings to a nonresident alien individual or a foreign entity aren't subject to reporting or withholding on Form W-2G. Generally, gambling winnings paid to a foreign person are subject to 30% withholding under sections 1441(a) and 1442(a) and are reportable on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding. Winnings of a nonresident alien from blackjack, baccarat, craps, roulette, big-6 wheel, or a live dog or horse race in the United States from legal wagers initiated outside the United States in a parimutuel pool aren't subject to withholding or reporting. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, for more information.

State Tax Information

Boxes 13, 14, and 15 and Copies 1 and 2 are provided for your convenience only and don't have to be completed for the IRS. If you withheld state income tax on a payment of gambling winnings, you may enter it in box 15 of Form W-2G. If you do, also complete boxes 13 and 14. A state identification number (box 13) is assigned by each individual state.

If a state tax department requires you to send it a paper copy of Form W-2G, use Copy 1 for that purpose. Give Copy 2 to the winner for use in filing a state income tax return.

Local Tax Information

Boxes 16, 17, and 18 and Copies 1 and 2 are provided for your convenience only and don't have to be completed for the IRS. If you withheld local income tax on a payment of gambling winnings, you may enter it in box 17 of Form W-2G. If you do, also complete boxes 16 and 18.

Form 5754

If the person receiving the winnings isn't the actual winner, or is a member of a group of winners, see [Specific Instructions for Form 5754](#), later.

Statements to Winners

If you are required to file Form W-2G, you must also provide a statement to the winner. For information about the requirement to furnish a statement to the winner, see part M in Pub. 1099. You may furnish Copies B and C of Form W-2G to the winner.

1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later

File Form W-2G for every person to whom you pay gambling winnings meeting or exceeding the applicable reporting threshold if the winnings are at least 300 times the amount of the wager. If the person presenting the ticket for payment is the sole owner of the ticket, complete Form W-2G showing the name, address, and TIN of the winner. If regular gambling withholding is required, the winner must sign Form W-2G, under penalties of perjury, stating that they are the sole owner and that the information listed on the form is correct. If more than one person shares in the winnings from a single wager, see [Withholding and Forms W-2G for Multiple Winners](#), later.

Withholding

You must withhold federal income tax from the winnings if the winnings minus the wager exceed \$5,000 **and** the winnings are at least 300 times the wager. Withhold 24% of the proceeds (the winnings minus the wager). This is regular gambling withholding.

If the winner of reportable gambling winnings doesn't provide a TIN, you must backup withhold on any such winnings that aren't subject to regular gambling withholding. The backup withholding rate is identical to the regular withholding rate of 24%. Backup withholding applies if the winnings meet or exceed the applicable reporting threshold but not more than \$5,000 and are at least 300 times the wager. Figure backup withholding on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Identical Wagers

Winnings from "identical wagers" are added together for purposes of reporting and withholding requirements. Two or more wagers are identical wagers if they are placed with the same payer and winning depends on the occurrence (or non-occurrence) of the same event or events. In the case of horse races, dog races, or jai alai, wagers must also be placed in the same parimutuel pool to be identical wagers. For example, multiple bets placed in a parimutuel pool with a single payer on the same horse to win a specific race are identical wagers.

Wagers in a Single Parimutuel Pool in Horse Racing, Dog Racing, or Jai Alai

All wagers in horse racing, dog racing, or jai alai placed in a single parimutuel pool and represented on a single ticket are

aggregated and treated as a single wager for purposes of determining the amount of the wager for withholding and reporting requirements. These types of wagers are not necessarily identical wagers. For example, two bets in a single show pool, one for Player X to show and the other for Player Y to show, are not identical wagers because winning on the two bets isn't contingent on the occurrence of the same event. However, if both bets are represented on a single ticket, then they must be aggregated to determine the amount of the wager.

Box 1

Enter payments that meet or exceed the applicable reporting threshold if the payment is at least 300 times the wager.

Box 2

Enter the date of the winning event. This isn't the date the money was paid if it was paid after the date of the race (or game).

Box 3

Enter the type of wager if other than a regular race bet, for example, Daily Double or Big Triple.

Box 4

Enter any federal income tax withheld, whether regular gambling withholding or backup withholding.

Box 5

Not applicable.

Box 6

Enter the race (or game) applicable to the winning ticket.

Box 7

Enter the amount of additional winnings from identical wagers.

Box 8 or 10

Enter the cashier and/or window number making the winning payment.

Box 9

This is required information. Enter the TIN of the person receiving the winnings. For an individual, this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See [Withholding](#), earlier.

Boxes 11 and 12

As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, passport, social security card, military identification card, tribal member identification card issued by a federally recognized Indian tribe, voter registration card, or completed and unmodified Form W-9. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

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One of the two forms of identification that the recipient presents must include the recipient's photograph. Gaming establishments owned or licensed by a tribal government may waive the photo ID requirement for payees who are members of that federally recognized Indian tribe and present a tribal member identification card issued by the same tribal government.

Boxes 13 Through 18

These boxes are provided for your convenience only and need not be completed for the IRS. See [State Tax Information](#) and [Local Tax Information](#), earlier.

Box 13. Enter the abbreviated name of the state and your state identification number.

Box 14. Enter the amount of state winnings.

Box 15. Enter the amount of state income tax withheld.

Box 16. Enter the amount of local winnings.

Box 17. Enter the amount of local income tax withheld.

Box 18. Enter the name of your locality.

2. Sweepstakes, Wagering Pools, and Lotteries

File Form W-2G for each person to whom you pay gambling winnings meeting or exceeding the applicable reporting threshold from a sweepstakes, wagering pool, or lottery (including a state-conducted lottery) if the winnings are at least 300 times the amount of the wager. The wager must be subtracted from the total winnings to determine whether withholding is required and, at the option of the payer, to determine whether reporting is required. The wager must be subtracted at the time of the first payment.

The requirements in this section apply to church raffles, charity drawings, etc. In the case of one wager for multiple raffle tickets, such as five for \$1, the wager is considered as \$.20 for each ticket.

Withholding

You must withhold federal income tax from the winnings if the winnings minus the wager exceed \$5,000. Withhold 24% of the proceeds (the winnings minus the wager). This is regular gambling withholding. If the winner of reportable gambling winnings doesn't provide a TIN, you must backup withhold on any such winnings that aren't subject to regular gambling withholding at the same withholding rate of 24%. Backup withholding applies if the winnings meet or exceed the applicable reporting threshold but not more than \$5,000 and are at least 300 times the wager. Figure backup withholding on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Installment payments of \$5,000 or less are subject to regular gambling withholding if the total proceeds from the wager will exceed \$5,000.

If payments are to be made for the life of a person (or for the lives of more than one person), and it is actuarially determined that the total proceeds from the wager are expected to exceed \$5,000, such payments are subject to 24% regular gambling withholding. When a third party makes the payments, for example, an insurance company handling the winnings as an annuity, that third party must withhold.

When Paid

A payment of winnings is considered made when it is paid, either actually or constructively, to the winner. Winnings are constructively paid when they are credited to or set apart for that person without any substantial limitation or restriction on the time, manner, or condition of payment. However, if not later than 60 days after the winner becomes entitled to the prize, the winner chooses the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, file Form W-2G each year to report the annuity paid during that year.

Identical Wagers

Winnings from "identical wagers" are added together for purposes of the reporting and withholding requirements. Two or more wagers are identical wagers if they are placed with the same payer and winning depends on the occurrence (or non-occurrence) of the same event or events.

Box 1

Enter payments that meet or exceed the applicable reporting threshold if the payment is at least 300 times the wager.

Box 2

Enter the date of the winning transaction, such as the date of the drawing of the winning number. This might not be the date the winnings are paid.

Box 3

Enter the type of wager (such as raffle or 50-50 drawing) or the name of the lottery (such as Instant, Big 50, Baker's Dozen, or Powerball) and the price of the wager (\$.50, \$1, etc.).

Box 4

Enter any federal income tax withheld, whether regular gambling withholding or backup withholding.

Box 5

For a state lottery, enter the ticket number or other identifying number.

Boxes 6, 8, and 10

Not applicable.

Box 7

Enter the amount of additional winnings from identical wagers.

Box 9

This is required information. Enter the TIN of the person receiving the winnings. For an individual, this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See [Withholding](#) under *Sweepstakes, Wagering Pools, and Lotteries*, earlier.

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Boxes 11 and 12

Except for winnings from state lotteries, as verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, passport, social security card, military identification card, tribal member identification card issued by a federally recognized Indian tribe, voter registration card, or completed and unmodified Form W-9. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

One of the two forms of identification that the recipient presents must include the recipient's photograph. Gaming establishments owned or licensed by a tribal government may waive the photo ID requirement for payees who are members of that federally recognized Indian tribe and present a tribal member identification card issued by the same tribal government.

Boxes 13 Through 18

These boxes are provided for your convenience only and need not be completed for the IRS. See [State Tax Information](#) and [Local Tax Information](#), earlier.

Box 13. Enter the abbreviated name of the state and your state identification number.

Box 14. Enter the amount of state winnings.

Box 15. Enter the amount of state income tax withheld.

Box 16. Enter the amount of local winnings.

Box 17. Enter the amount of local income tax withheld.

Box 18. Enter the name of your locality.

3. Bingo, Keno, and Slot Machines

File Form W-2G for every person to whom you pay gambling winnings that meet or exceed the applicable reporting threshold from bingo or slot machines, or gambling winnings that meet or exceed the applicable reporting threshold from keno after the price of the wager for the winning keno game is deducted. If the winnings aren't paid in cash, the FMV of the item won is considered the amount of the winnings. Total all winnings from all wagers made during a single bingo or keno game to determine whether the winnings are reportable. Winnings and losses from other wagering transactions aren't to be taken into account when determining the applicable reporting threshold.

Withholding

Regular gambling withholding doesn't apply to winnings from bingo, keno, or slot machines. However, if the recipient of reportable gambling winnings from bingo, keno, or slot machines doesn't provide a TIN, you must backup withhold. If the winnings meet or exceed the applicable reporting threshold from bingo, keno, or slot machines backup withholding of 24% applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Box 1

Enter payments that meet or exceed the applicable reporting threshold.

You may use the optional aggregate reporting method to report these payments. Under this method, aggregate multiple

payments of reportable gambling winnings from bingo, keno, or slot machines received by a payee in a 24-hour calendar day or "gaming day" on a single Form W-2G. A "gaming day" is a 24-hour period that ends at a particular time chosen by the gaming establishment (generally when the establishment is closed or when business is slowest, such as between 3:00 a.m. and 6:00 a.m.). On December 31st, all open information reporting periods must close at 11:59 p.m. to end by the end of the calendar year. On January 1st, all information reporting periods must begin at 12:00 a.m. For more details and recordkeeping requirements, see Regulations section 1.6041-10(g).

Box 2

Enter the date of the winning transaction.

Box 3

Enter the type of wager (bingo, keno, or slot machines) and the amount of the wager.

Box 4

Enter any backup withholding.

Box 5

Enter the ticket number, card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction.

Boxes 6 and 7

Not applicable.

Box 8

Enter the initials of the person paying the winnings.

Box 9

This is required information. Enter the TIN of the person receiving the winnings. For an individual, this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See [Withholding](#) under *Bingo, Keno, and Slot Machines*, earlier.

Box 10

Enter the location of the person paying the winnings, if applicable.

Boxes 11 and 12

As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, passport, social security card, military identification card, tribal member identification card issued by a federally recognized Indian tribe, voter registration card, or completed and unmodified Form W-9. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

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One of the two forms of identification that the recipient presents must include the recipient's photograph. Gaming establishments owned or licensed by a tribal government may waive the photo ID requirement for payees who are members of that federally recognized Indian tribe and present a tribal member identification card issued by the same tribal government.

Boxes 13 Through 18

These boxes are provided for your convenience only and need not be completed for the IRS. See [State Tax Information](#) and [Local Tax Information](#), earlier.

Box 13. Enter the abbreviated name of the state and your state identification number.

Box 14. Enter the amount of state winnings.

Box 15. Enter the amount of state income tax withheld.

Box 16. Enter the amount of local winnings.

Box 17. Enter the amount of local income tax withheld.

Box 18. Enter the name of your locality.

4. Poker Tournaments

File Form W-2G for each person to whom you pay gambling winnings meeting or exceeding the applicable reporting threshold, reduced by the amount of the wager or buy-in, from each poker tournament you have sponsored. Winnings and losses of the participant from other poker tournaments you have sponsored during the year aren't taken into account when determining the applicable reporting threshold.

Withholding and backup withholding. If you file Form W-2G for the person to whom you pay gambling winnings that meet or exceed the applicable reporting threshold in net winnings from a poker tournament, and provide a copy of Form W-2G to such person, regular gambling withholding doesn't apply to the winnings. However, if the person who wins more than the applicable reporting threshold doesn't provide a TIN, you must apply backup withholding to the full amount of the winnings from the tournament at the backup withholding rate of 24%. Net winnings that don't meet or exceed the applicable reporting threshold aren't subject to reporting, withholding, or backup withholding.

Box 1

Enter payments that meet or exceed the applicable reporting threshold in net gambling winnings from a poker tournament.

Box 2

Enter the date of the poker tournament.

Box 3

Enter "poker tournament" in the entry space.

Box 4

Enter zero as the amount, unless the winning person hasn't provided a TIN. If the winning person hasn't provided a TIN, enter the backup withholding amount.

Box 5

Enter the name of the tournament and its sponsor.

Boxes 6 Through 8 and Box 10

Not applicable.

Box 9

This is required information. Enter the TIN of the person receiving the winnings. For an individual, this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See [Withholding and backup withholding](#), earlier.

Boxes 11 and 12

As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, social security card, or voter registration. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

Boxes 13 Through 18

These boxes are provided for your convenience only and need not be completed for the IRS. See [State Tax Information](#) and [Local Tax Information](#), earlier.

Box 13. Enter the abbreviated name of the state and your state identification number.

Box 14. Enter the amount of state winnings.

Box 15. Enter the amount of state income tax withheld.

Box 16. Enter the amount of local winnings.

Box 17. Enter the amount of local income tax withheld.

Box 18. Enter the name of your locality.

5. Sports Wagering

File Form W-2G for every person to whom you pay gambling winnings meeting or exceeding the applicable reporting threshold, if the winnings are at least 300 times the amount of the wager.

If the person receiving the winnings is the sole winner; complete Form W-2G showing the name, address, and TIN of the winner.

If gambling withholding is required, the winner must sign Form W-2G, under penalties of perjury, stating that they are the sole winner and that the information listed on the form is correct. If more than one person shares in the winnings from a single wager, see [Withholding and Forms W-2G for Multiple Winners](#), later.

Withholding

You must withhold federal income tax from the winnings if the winnings minus the wager exceed \$5,000 and the winnings are at least 300 times the wager. Withhold 24% of the proceeds (the winnings minus the wager). This is regular gambling withholding.

If the winner of reportable gambling winnings doesn't provide a TIN, you must backup withhold on any such winnings that aren't subject to regular gambling withholding. The backup withholding rate is identical to the regular withholding rate of 24%. Backup withholding applies if the winnings meet or exceed the applicable reporting threshold but not more than \$5,000 and are at least 300 times the wager. Figure backup withholding on

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the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Identical Wagers

Winnings from “identical wagers” are added together for purposes of reporting and withholding requirements. Two or more wagers are identical wagers if they are placed with the same payer and winning depends on the occurrence (or non-occurrence) of the same event or events.

Box 1

Enter payments that meet or exceed the applicable reporting threshold if the payment is at least 300 times the wager.

Box 2

Enter the date of the winning event. This isn't the date the money was paid if it was paid after the date of the sporting event.

Box 3

Enter the type of wager or sport bet.

Box 4

Enter any federal income tax withheld, whether regular gambling withholding or backup withholding.

Boxes 5, 8, and 10

Not applicable.

Box 6

Enter the sporting event applicable to the winnings.

Box 7

Enter the amount of additional winnings from identical wagers.

Box 9

This is required information. Enter the TIN of the person receiving the winnings. For an individual, this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See [Withholding](#), earlier.

Boxes 11 and 12

As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, passport, social security card, military identification card, tribal member identification card issued by a federally recognized Indian tribe, voter registration card, or completed and unmodified Form W-9. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

One of the two forms of identification that the recipient presents must include the recipient's photograph. Gaming establishments owned or licensed by a tribal government may waive the photo ID requirement for payees who are members of

that federally recognized Indian tribe and present a tribal member identification card issued by the same tribal government.

Boxes 13 Through 18

These boxes are provided for your convenience only and need not be completed for the IRS. See [State Tax Information](#) and [Local Tax Information](#), earlier.

Box 13 Enter the abbreviated name of the state and your state identification number.

Box 14 Enter the amount of state winnings.

Box 15 Enter the amount of state income tax withheld.

Box 16 Enter the amount of local winnings.

Box 17 Enter the amount of local income tax withheld.

Box 18 Enter the name of your locality.

Specific Instructions for Form 5754

Use Form 5754, Statement by Person(s) Receiving Gambling Winnings, to prepare Form W-2G only when the person receiving gambling winnings subject to reporting or withholding isn't the actual winner or is a member of a group of two or more people sharing the winnings, such as by sharing the proceeds of the same winning ticket. The payer is required to file Forms W-2G based on Form 5754.

The person receiving the winnings must furnish all the information required by Form 5754. However, a recipient of winnings from a state-conducted lottery need not provide identification other than their taxpayer identification number (TIN).

Part I lists the identification of the person to whom the winnings are paid, and Part II lists the actual winners, their respective shares of the winnings, and any additional winnings from [Identical Wagers](#). Identical wagers are defined earlier in the Specific Instructions for Form W-2G.

In Part II, the person receiving the winnings must provide the name, address, TIN, respective share of the winnings, and additional winnings from identical wagers for each of the winners. In addition, if regular gambling withholding is required, the form must be signed, under penalties of perjury, and dated by the person receiving the winnings.

The form must be returned to the payer for preparation of Form W-2G for each of the persons listed as winners. Forms W-2G may be issued immediately or by January 31 following the year of the payment.

Do not send Form 5754 to the IRS. Keep it for your records.

Withholding and Forms W-2G for Multiple Winners

If more than one person shares in the winnings from a single wager, the total amount of the winnings (minus the amount wagered) will determine the amount of the proceeds for purposes of reporting and withholding. Do not allocate winnings to each winner before determining whether the withholding or reporting thresholds were reached.

For example, Alex purchases a sweepstakes ticket for \$1 on behalf of himself and Sam, who contributes an equal amount of the ticket price and who will share equally in any winnings. The ticket wins \$5,002. Because the winnings (\$5,002 - \$1 = \$5,001) are more than \$5,000, you must withhold 24% of \$5,001. You

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must prepare Form W-2G for Alex and a separate Form W-2G for Sam using the information furnished to you on Form 5754.

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