

## Chapter 09 Gaming Winnings and Gaming Income

100 Amounts received in cash or other remuneration from play at a gambling game or as a prize, lottery, award, or tournament winning are subject to an income tax levy. However, the reporting requirements and tax levy will vary depending on the source of the income.

### 101 Terms

1. The term "Mississippi gaming establishment" or "gaming establishment" means any establishment where gambling games are conducted or operated within this state and any party that provides or is responsible for the payment of cash or other remuneration resulting directly or indirectly from play at gambling games within this state. Gaming establishments include those establishments required to be licensed under the Mississippi Gaming Control Act, establishments which would be licensed under the Mississippi Gaming Control Act but for a federal preemption, and the Mississippi Lottery Corporation.
2. The term "Mississippi gaming winnings" or "gaming winnings" includes all amounts that are paid, whether in cash or other form, by Mississippi gaming establishments to patrons which are subject to the withholding and/or reporting requirements of the Internal Revenue Code (IRC) as specified in Miss. Code Ann. Sections 27-7-901 and 27-7-903. Such amounts are not limited to cash or remuneration from play at a gambling game, but include, without limitation, amounts considered prizes, awards, tournament winnings, or similar types of compensation.
3. The term "paid" means the gross amount of gaming winnings without respect to any reduction for tax withholdings or other reserves and may not be less than the amount reported for federal tax purposes.

### 102 Mississippi Gaming Winnings

1. A tax levy of three percent (3%) is made on all Mississippi gaming winnings. Such amount is required to be withheld by the Mississippi gaming establishment. The amount of tax withheld from gaming winnings will be reflected on Federal Form W-2G or other information return filed by the gaming establishment to report the transaction. The amount to be withheld is three percent (3%) of the amount paid, whether in cash or other form, to the recipient.
2. Multi-period payoffs: If a patron is entitled to receive either a lump-sum payment or a series of periodic payments received at least annually, then a tax of three percent (3%) is levied on the lump-sum amount in the year it is constructively received. The three percent (3%) levy is a liability of the Mississippi gaming establishment which was a party to the wager, regardless of whether it is the paying agent.
3. The three percent (3%) withheld on Mississippi gaming winnings reflects the tax due and once such proper amounts are remitted to the Department of Revenue by the Mississippi gaming establishment, as well as a properly completed W-2G, 1099, or other federally prescribed informational statement (filed annually or as prescribed by the Commissioner), the patron has no further filing requirements. If the federally prescribed information return does not allow for the recording of both state income and state tax withholdings, then a W-2G should be completed and attached as part of the filing of such statement.

4. The W-2G or 1099 reflecting the income and Mississippi withholding once remitted by the Mississippi gaming establishment to the Department of Revenue serves as the patrons return filing for such income. Accordingly, Mississippi gaming winnings are not reported on the patron's regular income tax return filing. Likewise, the amounts withheld cannot be claimed on an income tax return filing to offset a tax liability, create a refund, or to generate any other type of credit or offset.

103 Other Mississippi Gaming Income

Except for the amounts described in paragraph 102, all other gaming income is subject to the income tax levy provided for in Miss. Code Ann. Section 27-7-3. Any gaming losses incurred at Mississippi gaming establishments are a reduction, as compared to an itemized deduction, to Mississippi gaming income. The net of such amounts, if positive, is reportable by the patron as taxable Mississippi income. Mississippi gaming income includes any gaming income not covered by the three percent (3%) levy described in paragraph 102 received from a Mississippi gaming establishment. Mississippi gaming losses may not be taken as a separate deduction or otherwise offset any income other than Mississippi gaming income not subject to the three percent (3%) withholding requirement and resulting from a wager.

104 Non-Mississippi Gaming Income

Mississippi follows federal rules, regulations, and revenue procedures to the extent not contrary to the laws of this state in determining the amount of gaming income received and gaming losses incurred by Mississippi residents at non-Mississippi gaming establishments. Non-Mississippi gaming income is reported apart from any non-Mississippi gaming losses incurred. Non-Mississippi gaming losses are allowed as an itemized deduction to the extent of any non-Mississippi gaming income. In no event may the deduction for such losses exceed the non-Mississippi gaming income.

105 (Reserved)

*35.III.3.09 revised effective March 1, 2020*

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### 101 ~~1.~~ ~~Terms~~ ~~ERMS:~~

- ~~a1.~~ The term "Mississippi gaming establishment" or "gaming establishment" ~~means~~~~includes~~ any establishment where gambling games are conducted or operated within this state and any party that provides or is responsible for the payment of cash or other remuneration resulting directly or indirectly from play at gambling games within this state. Gaming establishments include those establishments required to be licensed under the Mississippi Gaming Control Act, establishments which would be licensed under the Mississippi Gaming Control Act but for a federal preemption, and the Mississippi Lottery Corporation.
- ~~b2.~~ The term "Mississippi gaming winnings" or "gaming winnings" includes all amounts that are paid, whether in cash or other form, by Mississippi gaming establishments to patrons which are subject to the withholding and/or reporting requirements of the Internal Revenue Code (IRC) as specified in Miss. Code Ann. sSections 27-7-901 and 27-7-903. Such amounts are not limited to cash or remuneration from play at a gambling game, but include, without limitation, amounts considered prizes, awards, tournament winnings, or similar types of compensation.
- ~~e3.~~ The term "paid" means the gross amount of gaming winnings without respect to any reduction for tax withholdings or other reserves and may not be less than the amount reported for federal tax purposes.

### 102 ~~2.~~ ~~Mississippi~~ ~~ISSISSIPPI~~ ~~Gaming~~ ~~AMING~~ ~~Winnings~~ ~~INNINGS~~

- ~~a1.~~ A tax levy of three percent (3%) is made on all Mississippi gaming winnings. Such amount is required to be withheld by the Mississippi gaming establishment. The amount of tax withheld from gaming winnings will be reflected on Federal Form W-2G or other information return filed by the gaming establishment to report the transaction. The amount to be withheld is three percent (3%) of the amount paid, whether in cash or other form, to the recipient.
- ~~b2.~~ Multi-period payoffs: If a patron is entitled to receive either a lump-sum payment or a series of periodic payments received at least annually, then a tax of three percent (3%) is levied on the lump-sum amount in the year it is constructively received. The three percent (3%) levy is a liability of the Mississippi gaming establishment which was a party to the wager, regardless of whether it is the paying agent.
- ~~e3.~~ The three percent (3%) withheld on Mississippi gaming winnings reflects the tax due and once such proper amounts are remitted to the Department of Revenue~~State Tax Commission~~ by the Mississippi gaming establishment, as well as a properly completed W-2G, 1099, or other federally prescribed informational statement (filed annually or as prescribed by the ~~e~~Commissioner), the patron has no further filing requirements. If the federally prescribed information return does not allow for the recording of both state income and state tax withholdings, then a W-2G should be completed and attached as part of the filing of such statement.

~~44.~~ The W-2G or 1099 reflecting the income and Mississippi withholding once remitted by the Mississippi gaming establishment to the Department of RevenueTax Commission serves as the patrons return filing for such income. Accordingly, Mississippi gaming winnings are not reported on the patron's regular income tax return filing. Likewise, the amounts withheld ~~can not~~cannot be claimed on an income tax return filing to offset a tax liability, create a refund, or to generate any other type of credit or offset.

103 ~~3.~~ ~~Other-THER~~ MISSISSIPPI Gaming ~~Income~~ NCOME

~~a.~~ Except for the amounts described in paragraph 102H, all other gaming income is subject to the income tax levy provided for in Miss. Code Ann. sSection 27-7-3. Any gaming losses incurred at Mississippi gaming establishments are a reduction, as compared to an itemized deduction, to Mississippi gaming income. The net of such amounts, if positive, is reportable by the patron as taxable Mississippi income. Mississippi gaming income includes any gaming income not covered by the three percent (3%) levy described in paragraph 102H received from a Mississippi gaming establishment. Mississippi gaming losses may not be taken as a separate deduction or otherwise offset any income other than Mississippi gaming income not subject to the three percent (3%) withholding requirement and resulting from a wager.

104 ~~4.~~ Non-Mississippi Gaming Income

~~a.~~ Mississippi follows federal rules, regulations, and revenue procedures to the extent not contrary to the laws of this state in determining the amount of gaming income received and gaming losses incurred by Mississippi residents at non-Mississippi gaming establishments. Non-Mississippi gaming income is reported apart from any non-Mississippi gaming losses incurred. Non-Mississippi gaming losses are allowed as an itemized deduction to the extent of any non-Mississippi gaming income. In no event may the deduction for such losses exceed the non-Mississippi gaming income.

~~1051~~ (Reserved)

35.III.3.09 revised effective March 1, 2020~~102~~ ~~(Reserved)~~