Four ways to file the same year

The Position Matrix · a fictional sample year, drawn from taxbet.io/sample-report · September 25, 2026

There is no single mandated number for a year of gambling. There are defensible filing positions, documented, with different costs and different scrutiny. This sheet lays four of them side by side on the same fictional year. No position is labelled recommended. **Your tax professional determines your filing position.**

POSITION	GROSS / AGGREGATE	W-2G-CAPPED	SESSION (DAY × PLATFORM)	SESSION (DAY × GAME TYPE)
Reported winnings	**$35,950**	**$28,500**	**$12,400**	**$15,100**
AGI impact	+$35,950 to AGI before any deduction	+$28,500 to AGI before any deduction	+$12,400 to AGI before any deduction	+$15,100 to AGI before any deduction
Losses available (90% cap, if itemizing)	$32,895 of $36,550	$11,700 of $13,000	$11,700 of $13,000	$14,130 of $15,700
Taxable gambling income, itemizing	**$3,055**	**$16,800**	**$700**	**$970**
Federal tax on that, estimate	~$672 at an assumed 22% bracket	~$3,696 at an assumed 22% bracket	~$154 at an assumed 22% bracket	~$213 at an assumed 22% bracket
State tax	State treatment varies — some states tax the reported figure with no loss offset.	State treatment varies — some states tax the reported figure with no loss offset.	State treatment varies — some states tax the reported figure with no loss offset.	State treatment varies — some states tax the reported figure with no loss offset.
Scrutiny level	Low on matching — reports more than the forms show.	Low on matching — equals the forms the IRS holds. Wins below the W-2G threshold go	Moderate — the reported figure sits below the W-2G total, and the reconciliation is what explains why.	Moderate to higher — the finer grain needs the preparer's election and the same ledger.

POSITION	GROSS / AGGREGATE	W-2G-CAPPED	SESSION (DAY × PLATFORM)	SESSION (DAY × GAME TYPE)
	Nothing to reconcile.	unreported, which is its own exposure.		
Substantiation required	The forms; a diary (Rev. Proc. 77-29) only if losses are deducted.	The forms; a diary if losses are deducted.	Complete transaction history from each platform you played on; a session ledger; W-2G reconciliation; the Rev. Proc. 77-29 elements.	As day × platform, plus the game type on every row.
What it costs you	Reports the most income of the four; the loss deduction only helps if you itemize.	Matches the forms; no reconciliation needed — but AGI rises by the full W-2G total, which can phase out credits and, in states without a wager-cost offset, create state tax.	Needs each platform's records and a reconciliation the preparer can review.	Where a losing day contains a winning game-type session, reported winnings rise.
Authority	IRC §165(d) and the forms themselves. No session computation.	The forms themselves. Not a safe harbor.	Chief Counsel Advice AM 2008-011; Notice 2015-21, a proposed safe harbor; Shollenberger v. Commissioner; Park v. Commissioner.	The same authorities; the grain is a professional election. TaxBet computes both views; the default is set with professional review.

FICTIONAL SAMPLE DATA; ILLUSTRATIVE. Most filers with records choose a session position; your preparer decides. **Your tax professional determines your filing position.**

Each position, in plain terms

Gross / aggregate

How it is computed. Every payout counted as winnings; every wager counted as a loss.

On this year. Reported winnings $35,950; losses available $32,895 of $36,550; taxable gambling income if itemizing $3,055.

Scrutiny. Low on matching — reports more than the forms show. Nothing to reconcile.

Substantiation. The forms; a diary (Rev. Proc. 77-29) only if losses are deducted.

What it costs you. Reports the most income of the four; the loss deduction only helps if you itemize.

Authority. IRC §165(d) and the forms themselves. No session computation.

W-2G-capped

How it is computed. The W-2G total reported as winnings; losing sessions as losses.

On this year. Reported winnings $28,500; losses available $11,700 of $13,000; taxable gambling income if itemizing $16,800.

Scrutiny. Low on matching — equals the forms the IRS holds. Wins below the W-2G threshold go unreported, which is its own exposure.

Substantiation. The forms; a diary if losses are deducted.

What it costs you. Matches the forms; no reconciliation needed — but AGI rises by the full W-2G total, which can phase out credits and, in states without a wager-cost offset, create state tax.

Authority. The forms themselves. Not a safe harbor.

Session (day × platform)

How it is computed. Winning sessions summed as winnings; losing sessions as losses. A session is one platform, one calendar day.

On this year. Reported winnings $12,400; losses available $11,700 of $13,000; taxable gambling income if itemizing $700.

Scrutiny. Moderate — the reported figure sits below the W-2G total, and the reconciliation is what explains why.

Substantiation. Complete transaction history from each platform you played on; a session ledger; W-2G reconciliation; the Rev. Proc. 77-29 elements.

What it costs you. Needs each platform's records and a reconciliation the preparer can review.

Authority. Chief Counsel Advice AM 2008-011; Notice 2015-21, a proposed safe harbor; Shollenberger v. Commissioner; Park v. Commissioner.

Session (day × game type)

How it is computed. The same sessions, separated by game type where the authorities distinguish them.

On this year. Reported winnings $15,100; losses available $14,130 of $15,700; taxable gambling income if itemizing $970.

Scrutiny. Moderate to higher — the finer grain needs the preparer's election and the same ledger.

Substantiation. As day × platform, plus the game type on every row.

What it costs you. Where a losing day contains a winning game-type session, reported winnings rise.

Authority. The same authorities; the grain is a professional election. TaxBet computes both views; the default is set with professional review.

The authorities behind the session positions

Chief Counsel Advice AM 2008-011 — IRS counsel's advice that a casual gambler's wagering gain or loss may be measured by session rather than by each wager or each Form W-2G. **Notice 2015-21** — a proposed (never finalized) safe harbor describing per-session measurement for electronically tracked slot play. ***Shollenberger v. Commissioner*, T.C. Memo. 2009-306** — the Tax Court applying per-session measurement. ***Park v. Commissioner*, 722 F.3d 384 (D.C. Cir. 2013)** — per-session measurement applied to a nonresident's play. **Rev. Proc. 77-29** — the recordkeeping standard: the diary elements a session ledger maps to.

What the loss limitation does

From tax year 2026 the wagering-loss deduction is limited to 90% of losses, and it still cannot exceed winnings (Public Law 119-21 §70433). The limitation applies under every position; how winnings are measured determines how much of the gap it leaves. Losses are deductible only when itemizing.

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