

Wagering Excise Tax on Gaming Activities

Wagering Excise Tax – Applies to Political Subdivisions of a state (e.g. cities, boroughs, school districts, etc.)

The wagering tax is imposed on gross wagers received. The tax is based on the total amount received before any payout of prizes or other expense.

Example: The wagering tax applies to an organization selling pull-tabs. The tax applies to the gross sales per box. If a box of \$1 pull-tabs contains 2,400 cards and the entire box is sold, the tax is computed on \$2,400.

Occupational Tax – Form 11C – Required before any wagers are accepted

The occupational tax applies to persons receiving taxable wagers, whether they receive compensation or are volunteers. This includes both principals (government entity) and agents (persons who accept taxable wagers on behalf of a principal).

Both the principals and the agent(s) must each file Form 11-C, *Occupational Tax and Registration Return for Wagering*, to register and to pay the occupational tax ***before*** wagers are accepted and annually thereafter due on July 1. Example: Village local government has a license from the State of Alaska for Pull-Tabs. The Village pays 3 individuals to collect funds for Pull-Tabs at the community center. All 4 are required to file Form 11C each year by July 1st. The village local government files one as Principal listing all the agents, and each agent must individual file a Form 11C as an agent.

An employer identification number (EIN) must be used on Form 11-C, not a social security number (SSN). If a principal or agent does not have an EIN, they must apply for one:

- IRS website – enter “Employer ID Numbers” in the search bar.
- Apply for an EIN by calling 1-800-829-4933, or
- Fax or mail Form SS-4, *Application for Employer Identification Number*, to the IRS.

Monthly Tax Return for Wagers – Form 730

To report and file taxable wagers, you must file Form 730. This is a monthly return that must be filed by the last day of the month following the month you report taxable wagers. Once you begin filing, Form 730 must be filed in each month until a final return is filed, even if you receive no wagers in a month. These returns will report a liability of zero for the month. If you stop accepting wagers, you must file a final Form 730. The “Final Return” box should be checked on the form. The instructions to Form 730 provide additional filing information. A government is subject to a penalty for failure to file the form and for failure to pay the tax.