

## Gambling tax rules in Massachusetts could hinder game play, casino companies say

Written by Administrator  
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BOSTON — At least two of the companies looking to win one of Massachusetts' first casino licenses say the state needs to change how it taxes winnings to avoid discouraging people from playing and cutting into the take for the state and the casinos.

Las Vegas-based MGM and Wynn want the state to repeal a provision requiring gambling facilities to report and withhold 5 percent for state income tax on certain winnings over \$600. They say casinos in surrounding states all use lower, federal standards for income tax withholding, making them more appealing to regular players, casual day trippers and tourists.

Casino mogul Steve Wynn, right, speaks as Everett, Mass., Mayor Carlo DeMaria looks on during a news conference at Everett City Hall on Wednesday, Nov. 28, 2012. AP

Photo/Bizuayehu Tesfaye

Some Massachusetts gamblers — particularly horse and dog racing betters that have had their winnings subject to the state's withholding provisions for about a year already — agree it should be addressed.

"You've got to make it right not just for the companies, but also for the customers," said Ed Lynch, a Quincy resident who was at Suffolk Downs, an East Boston horse racing track Friday. "If you don't, they'll catch on."

MGM and Wynn say the provision is "wholly impractical" and a "massive administrative burden." Wynn suggests the requirement could severely hinder game play, forcing a stoppage anytime a person won more than \$600 on a hand so that they could complete a tax form.

"It's functionally impossible to interrupt play after each hand to administer reporting or withholding," the casino said in a letter to state gambling regulators.

Whether the law is interpreted that way in Massachusetts is unclear. The state Department of Revenue says discussions with gambling regulators and industry officials are ongoing. "We anticipate that Massachusetts will follow the practice used in other states," said Maryann Merigan, the department's spokeswoman.

The Massachusetts Gaming Commission, an independent governing body reviewing the casinos' requests, says the protests have "considerable merit." It has been discussing the issue

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as it weighs dozens of other changes proposed by gambling operators.

"It's a major competitive problem. It's a major administrative problem," Commission Chairman Stephen Crosby said this month. "It seems pretty clear that the best practice would be to adopt the federal standard."

Mohegan Sun, the tribe-owned casino operator that's competing with Wynn to open a casino in the Boston area, has said it intends to comply with the law.

"The rules were established long before any operator submitted license applications," Mitchell Etes, CEO of the Mohegan Tribal Gaming Authority, said in a statement. "Steve Wynn apparently wants his own set of rules."

In general, federal tax law requires gamblers fill out tax forms and remit roughly 25 percent of slot machine winnings of \$1,200 or more, poker tournament winnings of \$5,000 or more and winnings of \$600 or more where the payout is at least 300 times the amount of the wager.

Massachusetts law does not include the 300-to-1 requirement, and some have interpreted that to mean that any win of \$600 or more would be taxed. State law also does not allow taxpayers to offset taxable winnings with gambling losses as federal law allows.

Bachar Tajeddin, of Somerville, said he could live with the tougher tax requirements if the law also provided for writing off losses.

"I prefer to pay the taxes on the spot because at the end of the year I'm not hit by a big bill," he said at Suffolk Downs. "But if they're going to collect taxes, then they should also accept losses. That's fair."

But not all local gamblers were convinced the withholding issue would make much difference.

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"I'm old. I live half a mile from here. I'm not going to go to Connecticut," said Revere resident Tom Tomszyk, as he took a break from betting at Suffolk Downs. "The ride's too much. I'm still coming here."

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