

¶240 Gambling Losses

NEW LAW EXPLAINED

"Losses from wagering transactions" clarified.—The term "losses from wagering transactions" is clarified to include any deduction otherwise allowable under Chapter 1 of the Code incurred in carrying on any wagering transaction (Code Sec. 165(d) as amended by the Tax Cuts and Jobs Act). The provision is effective for tax years beginning after December 31, 2017, and before January 1, 2026.

The new law is intended to clarify that the limitation on losses from wagering transactions applies not only to the actual costs of wagers incurred by an individual, but to other expenses incurred by the individual in connection with the conduct of that individual's gambling activities. Thus, for example, expenses incurred in travelling to and from a casino fall within the scope of the gambling loss limitation, and these expenses may only be deducted to the extent of gambling winnings.

Effective date. The provision is effective for tax years beginning after December 31, 2017 (Act Sec. 11050(b) of the Tax Cuts and Jobs Act).

¶245 Miscellaneous Itemized Deductions

NEW LAW EXPLAINED

Suspension of miscellaneous itemized deductions.— All miscellaneous itemized deductions that are subject to the two-percent-of-AGI floor are temporarily repealed for tax years beginning after December 31, 2017, and before January 1, 2026 (Code Sec. 67(g), as added by the Tax Cuts and Jobs Act). Thus, no miscellaneous itemized deduction may be claimed by an individual on Schedule A of Form 1040 for tax years 2018 through 2025.

Effective date. The amendment made by this provision applies to tax years beginning after December 31, 2017 (Act Sec. 11045(b) of the Tax Cuts and Jobs Act).

¶250 Suspension of Overall Limitation on Itemized Deductions

NEW LAW EXPLAINED

Overall limitation on itemized deductions suspended.—The overall limitation on itemized deductions is suspended, applicable to tax years beginning after December 31, 2017, and before January 1, 2026 (Code Sec. 68(f), as added by the Tax Cuts and Jobs Act).

Effective date. The amendments made by this provision apply to tax years beginning after December 31, 2017 (Act Sec. 11046(b) of the Tax Cuts and Jobs Act).