

Texas Lottery Commission Press Release - June 30, 2003

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Federal Tax Cut Will Put More Money In Winners' Pockets

(Austin, June 30) - As Americans look forward to seeing the paycheck-boosting effects of a federal tax cut on July 1, Texas Lottery winners also can expect to have a lower rate of taxes excised from their winnings, as required by the Internal Revenue Service (IRS).

"Texas Lottery winners who garnered prizes in excess of \$5,000 will pocket more cash, thanks to the federal tax cut that takes effect next week," said Reagan E. Greer, Executive Director of the Texas Lottery Commission. "The Jobs and Growth Tax Relief Reconciliation Act of 2003 offers a lower tax rate that shrinks the current 27 percent down to a new and improved 25 percent."

The new law, which replaces the 2001 Act, reduces the tax rate to 25 percent on all prizes of more than \$5,000 paid to US citizens and resident aliens.

"Because this new tax rate is retroactive with an effective date of January 1, 2003, winners paid in 2003, according to the previously required 27 percent, may receive a refund from the IRS when the winner files his or her annual income tax return," Greer said.

The new law's Conference Report states that "taxpayers who have been overwithheld in 2003 as a consequence of this (should) obtain a refund of this through the normal process of filing an income tax return and not through the payor.

Therefore, The Texas Lottery Commission will not refund amounts withheld at the rates required under the law before implementing the new withholding rates.

For more information about the Texas Lottery, please visit the official Texas Lottery Commission Web site at <http://www.txlottery.org>