

NOTICE TO TIPPED EMPLOYEES

Federal Law States:

1. You must report ALL your tips to your employer each payroll period – not just 8%.
2. Everyone who received tips must report tips. This includes busboys, bartenders, hostesses, doormen, etc.
3. You cannot wait and report your tips at the end of the year unless your tips are less than \$20 in a month.
4. If you have not reported enough tips than you will have a SHORTFALL AMOUNT appear on your W-2 at the end of the year.
5. The SHORTFALL AMOUNT is used by the IRS and State to assess additional tax, interest and penalties.
6. Your only defense against an IRS assessment for shortfall tips is a daily diary showing the amount of each guest check and the tip.

If you have questions or you are being audited because of tips – call this office. We are experts in this area and can help you.