

Reporting Tip Income for Tax Purposes

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Issue

Which industries must report their tip income for income tax purposes?

Tip Income Reporting

All tip income employees receive is taxable income, regardless of the industry in which they work (e.g., hair stylists, bartenders, bellhops, casino workers, delivery service people, golf caddies, hotel housekeepers, manicurists, masseuses, parking attendants, and taxi drivers). This includes (1) tips employees receive directly, (2) tips included in a charge (e.g., credit or debit charge), and (3) the employee's share of any tips from a tip-splitting or tip-pooling arrangement. As taxable income, these tips are subject to federal income tax, social security and Medicare taxes, and Connecticut state income tax.

The following Internal Revenue Service (IRS) documents explain the tip income reporting requirements for employees and employers, including special tip reporting arrangements for industries where tipping is customary (e.g., large food and beverage establishments and casino gaming):

- Publication 531, [Reporting Tip Income](#)
- Topic No. 761, [Tips – Withholding and Reporting](#)
- [Tips on Tips: A Guide to Tip Income Reporting for Employers in Businesses Where Tip Income is Customary](#)
- [Tip Recordkeeping & Reporting](#)

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