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11	Maximum amount of wages (including tips) subject to Medicare tax	11	135,000	00	
12	Total Medicare wages and tips (shown on Form(s) W-2) or railroad retirement (tier 1) compensation	12			
13	Subtract line 12 from line 11. If line 12 is more than line 11, enter -0- here and on line 14 and go to line 16				13
14	Unreported tips subject to Medicare tax. Compare the amounts on lines 5 and 13 above. Enter the smaller of the two amounts here and on line 2 of Schedule U below				14
15	Multiply line 14 by .0145				15
16	Add lines 10 and 15. Enter the result here and on Form 1040, line 50				16

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Unreported tips subject to social security tax. Enter the amount from line 9 (Form 4137) above . ©

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Please do not write in this space

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General Instructions

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	26 min.
Learning about the law or the form	5 min.
Preparing the form	25 min.
Copying, assembling, and sending the form to the IRS	17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed on page 4 of the instructions for Form 1040.

Purpose of Form.—Use Form 4137 to figure the social security and Medicare tax owed on tips you did not report to your employer, including any allocated tips shown on your Form(s) W-2 that you must report as income. Also, use Form 4137 to figure the social security and Medicare tip income to be credited to your social security record.

Who Must File.—You must file Form 4137 if you received cash and charge tips of \$20 or more in a calendar month and did not report all of those tips to your employer. You must also file Form 4137 if box 8 of your Form(s) W-2 shows allocated tips that you must report as income.

Allocated Tips You Must Report as Income.—You must report as income on Form 1040, line 7, at least the amount of allocated tips shown in box 8 of your Form(s) W-2 unless you can prove a smaller amount with adequate records. If you have records, report as income the amount of tips your records show you actually received even if this amount is more or less than the allocated tips. Although allocated tips are shown on your Form W-2, they are not included in the wages, tips, and other compensation box (box 1) on that form and no income tax, social security tax, or Medicare tax has been withheld from these tips.

Tips You Must Report to Your Employer.—You must give your employer a written report of cash and charge tips if you received \$20 or more in tips during a month. If, in any month, you worked for two or more employers and received tips while working for each, the \$20 rule applies separately to the tips you received while working for each employer and not to the total you received. You must report your tips to your employers by the 10th day of the month following the month you received them. If the 10th day of the month falls on a Saturday, Sunday, or legal holiday, give your employer the report by the next day that is not a Saturday, Sunday, or legal holiday.

Employees Subject to the Railroad Retirement Act.—Do not use Form 4137 to report tips received for work covered by the Railroad Retirement Tax Act. In order to get railroad retirement credit, you must report these tips to your employer.

Payment of Tax.—Tips you reported to your employer are subject to social security and Medicare tax (or railroad

retirement tax), and income tax withholding. Your employer collects these taxes from wages (excluding tips) or other funds of yours available to cover them. If your wages were not enough to cover these taxes, you may have given your employer the additional amounts needed. Your Form W-2 will include the tips you reported to your employer and the taxes withheld. If there was not enough money to cover the social security and Medicare tax (or railroad retirement tax), your Form W-2 (box 13) will also show the tax due. For more details, see the instructions for line 53 of Form 1040.

Penalty for Not Reporting Tips.—If you did not report the tips you were required to report to your employer, you may be charged a penalty equal to 50% of the social security and Medicare tax due on those tips. You can avoid this penalty if you can show reasonable cause for not reporting these tips to your employer. To do so, attach a statement to your return explaining why you did not report them.

Additional Information.—For more details, get **Pub. 531, Reporting Tip Income.**

Specific Instructions

Line 1.—Include **ALL** cash and charge tips received. This includes the following:

c Total tips that you reported to your employer. Tips you reported, as required, by the 10th day of the month following the month you received them are considered income in the month you reported them. For example, tips you received in December 1992 that you reported to your employer after December 31, 1992, and **before** January 11, 1993, are considered income in 1993 and should be included on your 1993 Form W-2 and reported on line 1 of Form 4137. However, tips you received in December 1993 that you reported to your employer **after** December 31, 1993, and before January 11, 1994, are considered income in 1994. **Do not** include these tips on line 1.

c Tips you did not report to your employer on time or did not report at all. These tips are considered income to you in the month you actually received them. For example, tips you received in December 1993 that you reported to your employer after January 10, 1994, are considered income in 1993 because you did not report them to your employer on time.

c Tips you received that you were not required to report to your employer because they totaled less than \$20 during the month.

c Allocated tips that you must report as income.

Line 4.—Enter **only** the tips you were not required to report to your employer because the total received was **less than \$20** in a calendar month. These tips are not subject to social security and Medicare tax.

Line 9.—If line 5 includes tips you received for work you did as a Federal, state, or local government employee and your pay was subject only to the 1.45% Medicare tax, subtract the amount of those tips from the line 5 amount only for the purpose of comparing lines 5 and 8. **Do not** reduce the actual entry on line 5. Enter ^a1.45% tips^o and the amount you subtracted on the dotted line next to line 9.