Note: *The draft you are looking for begins on the next page.*

Caution: *DRAFT—NOT FOR FILING*

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms** and do **not** rely on draft forms, instructions, and publications for filing. We do **not** release draft forms until we believe we have incorporated all changes (except when explicitly stated on this coversheet). However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions generally are subject to OMB approval before they can be officially released, so we post only drafts of them until they are approved. Drafts of instructions and publications usually have some changes before their final release.

Early release drafts are at IRS.gov/DraftForms and remain there after the final release is posted at IRS.gov/LatestForms. All information about all forms, instructions, and pubs is at IRS.gov/Forms.

Almost every form and publication has a page on IRS.gov with a friendly shortcut. For example, the Form 1040 page is at IRS.gov/Form1040; the Pub. 501 page is at IRS.gov/Pub501; the Form W-4 page is at IRS.gov/W4; and the Schedule A (Form 1040/SR) page is at IRS.gov/ScheduleA. If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not a Search box.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or publications at IRS.gov/FormsComments. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product.

If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click here.

Department of the Treasury
Internal Revenue Service

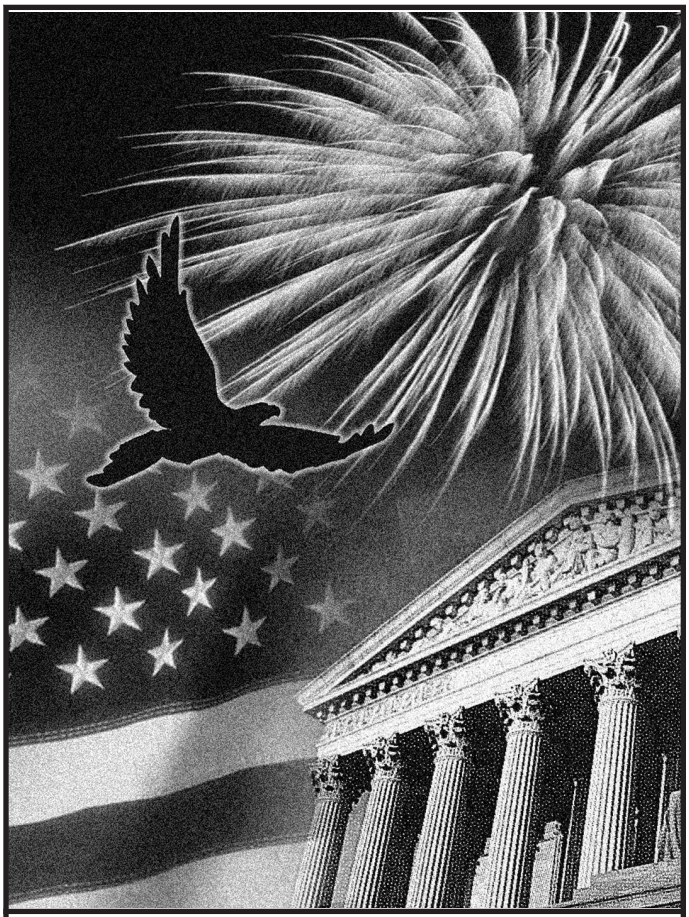
Publication 531
Cat. No. 15059V

Reporting Tip Income

DRAFT AS OF October 14, 2020

For use in preparing

2020 Returns



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Future Developments

For the latest information about developments related to Pub. 531, such as legislation enacted after this publication was published, go to *IRS.gov/Pub531*.

What's New

For 2020, the maximum wages and tips subject to social security tax is increased to $137,700. The social security tax rate an employee must pay on tips remains at 6.2% (0.062).

The Tax Withholding Estimator (*IRS.gov/W4App*) estimates the amount you should have withheld from your paycheck for federal income tax purposes. You can use the Tax Withholding Estimator instead of Pub. 505 or the worksheets included with Form W-4 or W-4P, to determine whether you need to have your withholding increased or decreased.

Reminder

Additional Medicare Tax. A 0.9% Additional Medicare Tax applies to Medicare wages, Railroad Retirement Tax Act (RRTA) compensation, and self-employment income that are more than:

- $125,000 if married filing separately,
- $250,000 if married filing jointly, or
- $200,000 for any other filing status.

An employer is required to withhold Additional Medicare Tax on any Medicare wages or RRTA compensation it pays to an employee in excess of $200,000 in a calendar year without regard to the employee's filing status.

Photographs of missing children. The IRS is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would

otherwise be blank. You can help bring these children home by looking at the photographs and contacting 1-800-THE-LOST (1-800-843-5678) or www.missingkids.com/home if you recognize a child.

Introduction

DRAFT AS OF October 14, 2020

This publication is for employees who receive tips.

All tips you receive are income and are subject to federal income tax. You must include in gross income all tips you receive directly, charged tips paid to you by your employer, and your share of any tips you receive under a tip-splitting or tip-pooling arrangement.

The value of noncash tips, such as tickets, passes, or other items of value, is also income and subject to tax.

Reporting your tip income correctly isn't difficult. You must do three things.

1. Keep a daily tip record.
2. Report tips to your employer.
3. Report all your tips on your income tax return.

This publication will explain these three things and show you what to do on your tax return if you haven't done the first two. This publication will also show you how to treat allocated tips.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through IRS.gov/FormComments. Or, you can write to: Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications. We can't answer tax questions sent to the above address.

Tax questions. If you have a tax question not answered by this publication or *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at IRS.gov/Help/ITA where you can find topics using the search feature or by viewing the categories listed.

Getting tax forms, instructions, and publications. Visit IRS.gov/Forms to download current and prior-year forms, instructions, and publications.

Ordering tax forms, instructions, and publications. Go to IRS.gov/OrderForms to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. Your order should arrive within 10 business days.

Keeping a Daily Tip Record

Why keep a daily tip record? You must keep a daily tip record so you can:

- Report your tips accurately to your employer,
- Report your tips accurately on your tax return, and
- Prove your tip income if your return is ever questioned.

How to keep a daily tip record? There are two ways to keep a daily tip record. You can either:

- Write information about your tips in a tip diary; or
- Keep copies of documents that show your tips, such as restaurant bills and credit or debit card charge slips.

You should keep your daily tip record with your tax or other personal records. You must keep your records for as long as they are important for administration of the federal tax law. For information on how long to keep records, see *How Long To Keep Records* in chapter 1 of Pub. 17, Your Federal Income Tax.

To help you keep a record or diary of your tips, you can use Form 4070-A, Employee's Daily Record of Tips. To get Form 4070-A, ask IRS or your employer for Pub. 1244, Employee's Daily Record of Tips and Report to Employer, which includes a 1-year supply of Form 4070-A. Pub. 1244 is also available at IRS.gov/Pub1244. Pub. 1244 includes a 1-year supply of Form 4070-A. Each day, write in the information asked for on the form. A filled-in Form 4070-A is shown on the following page.

In addition to the information asked for on Form 4070-A, you also need to keep a record of the date and value of any noncash tips you get, such as tickets, passes, or other items of value. Although you don't report these tips to your employer, you must report them on your tax return.

If you don't use Form 4070-A, start your records by writing your name, your employer's name, and the name of the business (if it's different from your employer's name). Then, each workday, write the date and the following information.

- Cash tips you get directly from customers or from other employees.
- Tips from credit and debit card charge customers that your employer pays you.
- The value of any noncash tips you get, such as tickets, passes, or other items of value.
- The amount of tips you paid out to other employees through tip pools or tip splitting, or other arrangements, and the names of the employees to whom you paid the tips.

Sample Filled-in Form 4070A From Publication 1244

Form **4070A** (Rev. December 2020) Department of the Treasury Internal Revenue Service

Employee's Daily Record of Tips

This is a voluntary form provided for your convenience. See instructions for records you must keep.

OMB No. 1545-0074

Employee's name and address: John W. Allen, 1117 Maple Ave., Anytown, NY 14202

Employer's name: Diamond Restaurant

Establishment name (if different):

Month and year: Oct. 2020

Date tips rec'd	Date of entry	a. Tips received directly from customers and other employees	b. Credit and debit card tips received	c. Tips paid out to other employees	d. Names of employees to whom you paid tips
1	10/3	- OFF -			
2	10/3	48.80	26.40	15.20	Judy Brown
3	10/3	28.00	21.60	8.00	Carl Jones
4	10/5	42.00	24.00	10.00	Judy Brown
5	10/7	40.80	28.00	12.00	
Subtotals		159.60	100.00	45.20	

For Paperwork Reduction Act Notice, see Instructions on the back of Form 4070.

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Date tips rec'd	Date of entry	a. Tips received directly from customers and other employees	b. Credit and debit card tips received	c. Tips paid out to other employees	d. Names of employees to whom you paid tips
6	10/7	- OFF -			
7	10/8	37.20	22.40	8.00	Carl Jones
8	10/9	50.80	17.20	10.00	Judy Brown & Carl Jones
9	10/9	33.60	16.40	8.00	Judy Brown
10	10/11	30.40	22.00	9.20	Judy Brown
11	10/11	42.00	11.60	8.80	Carl Jones
12	10/14	35.60	16.00	7.60	Judy Brown
13	10/14	- OFF -			
14	10/14	48.40	14.40	12.40	Judy Brown & Brian Smith
15	10/16	45.20	32.00	17.20	Brian Smith
Subtotals		323.20	152.00	81.20	

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Date tips rec'd	Date of entry	a. Tips received directly from customers and other employees	b. Credit and debit card tips received	c. Tips paid out to other employees	d. Names of employees to whom you paid tips
16	10/16	41.20	18.40	8.80	Judy Brown
17	10/18	39.20	21.20	9.60	Judy Brown
18	10/19	46.80	12.80	8.40	Carl Jones
19	10/21	34.00	19.20	10.00	Judy Brown
20	10/21	- OFF -			
21	10/22	34.80	26.00	12.80	Judy Brown & Brian Smith
22	10/24	42.40	22.80	12.40	Carl Jones
23	10/24	48.80	17.20	13.60	Judy Brown
24	10/25	33.60	19.20	10.80	Brian Smith
25	10/26	37.20	14.80	9.20	Judy Brown
Subtotals		358.00	171.60	95.60	

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Date tips rec'd	Date of entry	a. Tips received directly from customers and other employees	b. Credit and debit card tips received	c. Tips paid out to other employees	d. Names of employees to whom you paid tips
26	10/26	31.60	11.60	12.40	Judy Brown
27	10/27	- OFF -			
28	10/29	43.20	14.00	12.80	Carl Jones
29	10/30	34.80	22.40	7.20	Carl Jones
30	10/31	46.00	27.20	12.80	Judy Brown & Brian Smith
31	11/2	27.60	20.40	6.40	Judy Brown
Subtotals from pages 1, 2, and 3		159.60 323.20 358.00	100.00 152.00 171.60	45.20 81.20 95.60	
Totals		1,024.00	519.20	273.60	

1. Report total cash tips (col. **a**) on Form 4070, line **1.**

2. Report total credit and debit card tips (col. **b**) on Form 4070, line **2.**

3. Report total tips paid out (col. **c**) on Form 4070, line **3.**

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Electronic tip record. You can use an electronic system provided by your employer to record your daily tips. If you do, you must receive and keep a paper copy of this record.

Service charges. Don't write in your tip diary the amount of any service charge that your employer adds to a customer's bill and then pays to you and treats as wages. This is part of your wages, not a tip. The following factors determine if you have a tip or service charge.

- The payment is made free from compulsion.
- The customer has the right to determine the amount of payment.
- The payment isn't subject to negotiation or dictated by employer policy.
- The customer generally has the right to determine who receives the payment.

See examples below.

Example 1. Good Food Restaurant adds an 18% charge to the bill for parties of six or more customers. Jane's bill for food and beverages for her party of eight includes an amount on the tip line equal to 18% of the charges for food and beverages, and the total includes this amount. Because Jane didn't have an unrestricted right to determine the amount on the "tip line," the 18% charge is considered a service charge. Don't include the 18% charge in your tip diary. Service charges that are paid to you are considered wages, not tips.

Example 2. Good Food Restaurant includes sample calculations of tip amounts at the bottom of its bills for food and beverages provided to customers. David's bill includes a blank "tip line," with sample tip calculations of 15%, 18%, and 20% of the charges for food and beverages at the bottom of the bill beneath the signature line. Because David is free to enter any amount on the "tip line" or leave it blank, any amount he includes is considered a tip. Include this amount in your tip diary.

Reporting Tips to Your Employer

Why report tips to your employer? You must report tips to your employer so that:

- Your employer can withhold federal income tax and social security, Medicare, Additional Medicare*, or railroad retirement taxes;
- Your employer can report the correct amount of your earnings to the Social Security Administration or Railroad Retirement Board (which affects your benefits when you retire or if you become disabled, or your family's benefits if you die); and
- You can avoid the penalty for not reporting tips to your employer (explained later).

*See *Caution* for *Uncollected taxes,* later.

What tips to report? Report to your employer only cash, check, and debit and credit card tips you receive.

If your total tips for any 1 month from any one job are less than $20, don't report the tips for that month to that employer.

If you participate in a tip-splitting or tip-pooling arrangement, report only the tips you receive and retain. Don't report to your employer any portion of the tips you receive that you pass on to other employees. However, you must report tips you receive from other employees.

Don't report the value of any noncash tips, such as tickets or passes, to your employer. You don't pay social

Sample Filled-in Form 4070 From Publication 1244

Form **4070**
(Rev. December 2020)
Department of the Treasury
Internal Revenue Service

Employee's Report of Tips to Employer

OMB No. 1545-0074

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Employee's name and address John W. Allen 1117 Maple Ave. Anytown, NY 14202	**Social security number** 987 : 00 : 4321
Employer's name and address (include establishment name, if different) Diamond Restaurant 834 Main Street Anytown, NY 14203	**1** Cash tips received 1,024.00 **2** Credit and debit card tips received 519.20 **3** Tips paid out 273.60
Month or shorter period in which tips were received from October 1, 2020, to October 31, 2020	**4** Net tips (lines **1 + 2 - 3**) 1,269.60
Signature [signed] John W. Allen	Date Nov. 10, 2020

security, Medicare, Additional Medicare, or railroad retirement taxes on these tips.

How to report. If your employer doesn't give you any other way to report your tips, you can use Form 4070, Employee's Report of Tips to Employer. Fill in the information asked for on the form, sign and date the form, and give it to your employer. A sample filled-in Form 4070 is shown above. To get a 1-year supply of the form, ask the IRS or your employer for Pub. 1244.

If you don't use Form 4070, give your employer a statement with the following information.

- Your name, address, and social security number.
- Your employer's name, address, and business name (if it's different from your employer's name).
- The month (or the dates of any shorter period) in which you received tips.
- The total tips required to be reported for that period.

You must sign and date the statement. Keep a copy with your tax or other personal records.

Your employer may require you to report your tips more than once a month. However, the statement can't cover a period of more than 1 calendar month.

Electronic tip statement. Your employer can have you furnish your tip statements electronically.

When to report. Give your report for each month to your employer by the 10th of the next month. If the 10th falls on a Saturday, Sunday, or legal holiday, give your employer the report by the next day that isn't a Saturday, Sunday, or legal holiday.

Example 1. You must report your tips received in October 2021 by November 10, 2021.

Example 2. You must report your tips received in September 2021 by October 12, 2021. October 10, 2021, is a Sunday. October 11, 2021, is a legal holiday (Columbus Day). October 12, 2021, is the next day that isn't a Saturday, Sunday, or legal holiday.

Final report. If your employment ends during the month, you can report your tips when your employment ends.

Penalty for not reporting tips. If you don't report tips to your employer as required, you may be subject to a penalty equal to 50% of the social security, Medicare, Additional Medicare, or railroad retirement taxes you owe on the unreported tips. (For information about these taxes, see *Reporting social security, Medicare, Additional Medicare, or railroad retirement taxes on tips not reported to your employer* under *Reporting Tips on Your Tax Return*, later.) The penalty amount is in addition to the taxes you owe.

You can avoid this penalty if you can show reasonable cause for not reporting the tips to your employer. To do so, attach a statement to your return explaining why you didn't report them.

Giving your employer money for taxes. Your regular pay may not be enough for your employer to withhold all the taxes you owe on your regular pay plus your reported tips. If this happens, you can give your employer money until the close of the calendar year to pay the rest of the taxes.

If you don't give your employer enough money, your employer will apply your regular pay and any money you give to the taxes, in the following order.

1. All taxes on your regular pay.
2. Social security, Medicare, Additional Medicare, or railroad retirement taxes on your reported tips.
3. Federal, state, and local income taxes on your reported tips.

Any taxes that remain unpaid can be collected by your employer from your next paycheck. If withholding taxes remain uncollected at the end of the year, you may be subject to a penalty for underpayment of estimated taxes. See Pub. 505, Tax Withholding and Estimated Tax.

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CAUTION ***Uncollected taxes.*** *You must report on your tax return any social security and Medicare taxes, or railroad retirement taxes that remained uncollected at the end of 2020. These uncollected taxes will be shown on your 2020 Form W-2. See* Reporting uncollected social security, Medicare, Additional Medicare, or railroad retirement taxes on tips reported to your employer *under* Reporting Tips on Your Tax Return*, later.*

A 0.9% Additional Medicare Tax applies to Medicare wages, Railroad Retirement Tax Act (RRTA) compensation, and self-employment income that are more than:

- *$125,000 if married filing separately,*
- *$250,000 if married filing jointly, or*
- *$200,000 for any other filing status.*

An employer is required to withhold Additional Medicare Tax on any Medicare wages or RRTA compensation it pays to an employee in excess of $200,000 in a calendar year without regard to the employee's filing status.

Tip Rate Determination and Education Program

Your employer may participate in the Tip Rate Determination and Education Program. The program was developed to help employees and employers understand and meet their tip reporting responsibilities.

There are two agreements under the program: the Tip Rate Determination Agreement (TRDA) and the Tip Reporting Alternative Commitment (TRAC).

If you are employed in the gaming industry, your employer may participate in the Gaming Industry Tip Compliance Agreement Program. See Revenue Procedure 2007-32, 2007-22 I.R.B. 1322, available at *IRS.gov/IRB/2007-22_IRB#RP-2007-32*.

Your employer can provide you with a copy of any applicable agreement. To find out more about these agreements, visit IRS.gov and enter “restaurant tip reporting” in the search box. You may also call 1-800-829-4933, visit *IRS.gov/LocalContacts* for the IRS Taxpayer Assistance Center in your area, or send an email to *Tip.Program@IRS.gov* and request information on this program.

Reporting Tips on Your Tax Return

How to report tips. Report your tips with your wages on Form 1040 or 1040-SR, line 1; Form 1040-NR, line 1a.

What tips to report. Generally, you must report all tips you received in 2020 on your tax return including both cash tips and noncash tips. Any tips you reported to your employer as required in 2020 are included in the wages shown in box 1 of your Form W-2. Add to the amount in box 1 only the tips you didn’t report to your employer.

However, any tips you received in 2020 that you reported to your employer as required after 2020 but on or before January 11, 2021, aren’t included in the wages shown in box 1 of your 2020 Form W-2. Don't include the amount of these tips on your 2020 tax return. Instead, include them on your 2021 tax return. Tips you received in 2019 that you reported to your employer as required after 2019 but on or before January 11, 2020, are included in the wages shown in box 1 of your 2020 Form W-2. Although these tips were received in 2019, you must report them on your 2020 tax return.

If you participate in a tip-splitting or tip-pooling arrangement, report only the tips you receive and retain. Don't report on your income tax return any portion of the tips you receive that you pass on to other employees. However, you must report tips you receive from other employees.

CAUTION *If you received $20 or more in cash and charge tips in a month and didn’t report all of those tips to your employer, see* Reporting social security, Medicare, Additional Medicare, or railroad retirement taxes on tips not reported to your employer*, later.*

CAUTION *If you didn’t keep a daily tip record as required and an amount is shown in box 8 of your Form W-2, see* Allocated Tips*, later.*

If you kept a daily tip record and reported tips to your employer as required under the rules explained earlier, add the following tips to the amount in box 1 of your Form W-2.

- Cash and charge tips you received that totaled less than $20 for any month.
- The value of noncash tips, such as tickets, passes, or other items of value.

Example. Ben Smith began working at the Blue Ocean Restaurant (his only employer in 2020) on June 30 and received $10,000 in wages during the year. Ben kept a daily tip record showing that his tips for June were $18 and his tips for the rest of the year totaled $7,000. He wasn’t required to report his June tips to his employer, but he reported all of the rest of his tips to his employer as required.

Ben's Form W-2 from Blue Ocean Restaurant shows $17,000 ($10,000 wages + $7,000 reported tips) in box 1.

He adds the $18 unreported tips to that amount and reports $17,018 as wages on his tax return.

Reporting social security, Medicare, Additional Medicare, or railroad retirement taxes on tips not reported to your employer. If you received $20 or more in cash and charge tips in a month from any one job and didn't report all of those tips to your employer, you must report the social security, Medicare, and Additional Medicare taxes on the unreported tips as additional tax on your return. To report these taxes, you must file Form 1040, Form 1040-SR, Form 1040-NR, Form 1040-PR, or Form 1040-SS even if you won't otherwise have to file.

Use Form 4137, Social Security and Medicare Tax on Unreported Tip Income, to figure social security and Medicare taxes and/or Form 8959, Additional Medicare Tax, to figure Additional Medicare Tax. Enter the tax(es) on your return as instructed, and attach the completed Form 4137 and/or Form 8959 to your return.

CAUTION *If you're subject to the Railroad Retirement Tax Act, you can't use Form 4137 to pay railroad retirement tax on unreported tips. To get railroad retirement credit, you must report tips to your employer.*

Reporting uncollected social security, Medicare, Additional Medicare, or railroad retirement taxes on tips reported to your employer. You may have uncollected taxes if your regular pay wasn't enough for your employer to withhold all the taxes you owe and you didn't give your employer enough money to pay the rest of the taxes. For more information, see *Giving your employer money for taxes*, under *Reporting Tips to Your Employer*, earlier.

If your employer couldn't collect all the social security and Medicare, and Additional Medicare taxes, or railroad retirement taxes you owe on tips reported for 2020, the uncollected taxes will be shown in box 12 of your Form W-2 (codes A and B). You must report these amounts as additional tax on your return.

If you worked in the U.S. possessions and received Form W-2AS, Form W-2GU, or Form W-2VI, any uncollected taxes on tips will be shown in box 12 with codes A and B. If you received Form 499R-2/W-2PR, any uncollected taxes will be shown in boxes 25 and 26. Unlike the uncollected portion of the regular (1.45%) Medicare tax, the uncollected Additional Medicare Tax isn't reported on Form W-2. To report these uncollected taxes, you must file Form 1040-NR, Form 1040-PR, or Form 1040-SS even if you wouldn't otherwise have to file. You can report these taxes on Schedule 2 (Form 1040), line 8c, if you file Form 1040-NR. If you file Form 1040-PR or Form 1040-SS, see the instructions for those forms.

Self-employed persons. If you receive tips as a self-employed person, you should report these tips as income on Schedule C. See Pub. 334, Tax Guide for Small Business, for more information on reporting business income.

Allocated Tips

If your employer allocated tips to you, they're shown separately in box 8 of your Form W-2. They're not included in box 1 with your wages and reported tips. If box 8 is blank, this discussion doesn't apply to you.

What are allocated tips? These are tips that your employer assigned to you in addition to the tips you reported to your employer for the year. Your employer will have done this only if:

- You worked in an establishment (restaurant, cocktail lounge, or similar business) that must allocate tips to employees, and
- The tips you reported to your employer were less than your share of 8% of food and drink sales.

No income, social security, Medicare, Additional Medicare, or railroad retirement taxes are withheld on allocated tips.

How were your allocated tips figured? The tips allocated to you are your share of an amount figured by subtracting the reported tips of all employees from 8% (or an approved lower rate) of food and drink sales (other than carryout sales and sales with a service charge of 10% or more). Your share of that amount was figured using either a method provided by an employer-employee agreement or a method provided by IRS regulations based on employees' sales or hours worked. For information about the exact allocation method used, ask your employer.

Must you report your allocated tips on your tax return? You must report tips you received in 2020 (including both cash and noncash tips) on your tax return as explained in *What tips to report*, earlier. Any tips you reported to your employer in 2020 as required (explained under *Reporting Tips to Your Employer*, earlier) are included in the wages shown in box 1 of your Form W-2. Add to the amount in box 1 only the tips you didn't report to your employer as required. This should include any allocated tips shown in box 8 on your Form(s) W-2, unless you have adequate records to show that you received less tips in the year than the allocated amount.

See *What tips to report* under *Reporting Tips on Your Tax Return*, and *Keeping a Daily Tip Record*, earlier.

How to report allocated tips? If you received any tips in 2020 that you didn't report to your employer as required (including allocated tips that you are required to report on your tax return), add these tips to the amount in box 1 of your Form(s) W-2 and report this amount as wages on Form 1040, Form 1040-SR, line 1, or Form 1040–NR, line 1a.

Because social security, Medicare, or Additional Medicare taxes weren't withheld from the allocated tips, you must report those taxes as additional tax on your return. Complete Form 4137 and include the allocated tips on line 1 of the form as provided in its instructions. See *Reporting social security, Medicare, Additional Medicare, or*

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railroad retirement taxes on tips not reported to your employer under *Reporting Tips on Your Tax Return*, earlier.

How to request an approved lower rate. Your employer can use a tip rate lower than 8% (but not lower than 2%) to figure allocated tips only if the IRS approves the lower rate. Either the employer or the employees can request approval of a lower rate by filing a petition with the IRS. The petition must include specific information about the establishment that will justify the lower rate. A user fee must be paid with the petition.

An employee petition can be filed only with the consent of a majority of the directly tipped employees (waiters, bartenders, and others who receive tips directly from customers). The petition must state the total number of directly tipped employees and the number of employees consenting to the petition. Employees filing the petition must promptly notify the employer, and the employer must promptly give the IRS a copy of all Forms 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, filed for the establishment for the previous 3 years.

For more information about how to file a petition and what information to include, see *Allocation of Tips* in the Instructions for Form 8027.

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How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to IRS.gov and find resources that can help you right away.

Preparing and filing your tax return. After receiving your wage and earning statements (Form W-2, W-2G, 1099-R, 1099-MISC) from all employers and interest and dividend statements from banks (Forms 1099), you can find free options to prepare and file your return on IRS.gov or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to IRS.gov to see your options for preparing and filing your return, which include the following.

- **Free File.** Go to *IRS.gov/FreeFile* to see if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to *IRS.gov/VITA*, download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
- **TCE.** Go to *IRS.gov/TCE*, download the free IRS2Go app, or call 888-227-7669 to find the nearest TCE location for free tax return preparation.

Employers can register to use Business Services Online. The SSA offers online service for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process W-2s (Wage and Tax Statement) and W-2Cs (Statement of Corrected Income and Tax Amounts). Employers can go to *SSA.gov/employer* for more information.

Getting answers to your tax questions. On IRS.gov, get answers to your tax questions anytime, anywhere.

- Go to *IRS.gov/Help* for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to *IRS.gov/ITA* for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.
- Go to *IRS.gov/Forms* to search for our forms, instructions, and publications. You will find details on 2020 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Tax reform. Tax reform legislation affects individuals, businesses, tax-exempt and government entities. Go to *IRS.gov/TaxReform* for information and updates on how this legislation affects your taxes.

IRS social media. Go to *IRS.gov/SocialMedia* to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- *Youtube.com/irsvideos*.
- *Youtube.com/irsvideosmultilingual*.
- *Youtube.com/irsvideosASL*.

Watching IRS videos. The IRS Video portal (*IRSVideos.gov*) contains video and audio presentations for individuals, small businesses, and tax professionals.

Getting tax information in other languages. For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- *Spanish* (*IRS.gov/Spanish*).
- *Chinese* (*IRS.gov/Chinese*).
- *Korean* (*IRS.gov/Korean*).

- Russian (IRS.gov/Russian).
- Vietnamese (IRS.gov/Vietnamese).

The IRS Taxpayer Assistance Centers (TACs) provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

Getting tax forms and publications. Go to IRS.gov/Forms to view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 instructions) on mobile devices as an eBook at no charge at IRS.gov/eBooks. Or you can go to IRS.gov/OrderForms to place an order and have them mailed to you within 10 business days.

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Access your online account (individual taxpayers only). Go to IRS.gov/Account to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.
- Go to IRS.gov/SecureAccess to review the required identity authentication process.

Using direct deposit. The fastest way to receive a tax refund is to combine direct deposit and IRS *e-file*. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

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Getting a transcript or copy of a return. The quickest way to get a copy of your tax transcript is to go to IRS.gov/Transcripts. Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Using online tools to help prepare your return. Go to IRS.gov/Tools for the following.

- The Earned Income Tax Credit Assistant (IRS.gov/EITCAssistant) determines if you're eligible for the EIC.
- The Online EIN Application (IRS.gov/EIN) helps you get an employer identification number.
- The Tax Withholding Estimator (IRS.gov/W4app) makes it easier for everyone to pay the correct amount of tax during the year. The Estimator replaces the Withholding Calculator. The redesigned tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-employed individuals. The new and improved features include the following.
  - Easy to understand language;
  - The ability to switch between screens, correct previous entries, and skip screens that don't apply;
  - Tips and links to help you determine if you qualify for tax credits and deductions;
  - A progress tracker;
  - A self-employment tax feature; and
  - Automatic calculation of taxable social security benefits.
- The First Time Homebuyer Credit Account Look-up (IRS.gov/HomeBuyer) tool provides information on your repayments and account balance.
- The Sales Tax Deduction Calculator (IRS.gov/SalesTax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to IRS.gov/IDProtection for information.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit IRS.gov/IdentityTheft to learn what steps you should take.

Checking on the status of your refund.

- Go to IRS.gov/Refunds.
- The IRS can't issue refunds before mid-February 2020 for returns that claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to IRS.gov/Payments to make a payment using any of the following options.

- IRS Direct Pay: Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.

- *Debit or Credit Card*: Choose an approved payment processor to pay online, by phone, and by mobile device.
- *Electronic Funds Withdrawal*: Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- *Electronic Federal Tax Payment System*: Best option for businesses. Enrollment is required.
- *Check or Money Order*: Mail your payment to the address listed on the notice or instructions.
- *Cash*: You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire*: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

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What if I can't pay now? Go to *IRS.gov/Payments* for more information about your options.

- Apply for an *online payment agreement* (*IRS.gov/OPA*) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the *Offer in Compromise Pre-Qualifier* to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to *IRS.gov/OIC*.

Checking the status of an amended return. Go to *IRS.gov/WMAR* to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter. Go to *IRS.gov/Notices* to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Tax Assistance Center (TAC). Go to *IRS.gov/LetUsHelp* for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to *IRS.gov/TACLocator* to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the *Taxpayer Bill of Rights*.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to *TaxpayerAdvocate.IRS.gov* to help you understand *what these rights mean to you* and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices *in every state, the District of Columbia, and Puerto Rico*. Your local advocate's number is in your local directory and at *TaxpayerAdvocate.IRS.gov/Contact-Us*. You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at *IRS.gov/SAMS*.

TAS also has a website, *Tax Reform Changes*, which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by tax topic in the order of the IRS Form 1040. Go to *TaxChanges.us* for more information.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit *IRS.gov/LITC* or see IRS Pub. 4134, *Low Income Taxpayer Clinic List*.

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To help us develop a more useful index, please let us know if you have ideas for index entries. See "Comments and Suggestions" in the "Introduction" for the ways you can reach us.

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