



Notice to Tipped Employees

The following is from IRS Publication 531.

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 are also income and subject to tax.

Reporting your tip income correctly is not 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.

Roundtop Mountain Resort is required to report gross sales to the IRS. The IRS defines the food & beverage services provided at this resort as those that typically include tipped employees. The IRS compares the tips reported to a percentage of the gross sales to determine if the amounts being reported are reasonable.

Roundtop Mountain Resort will record and tax all credit card tips and contracted gratuities assigned by yourself or your supervisor. **You are responsible for reporting 100% of your cash tips.** This must be done on a daily basis as required by the IRS.

Why do I have to report my cash tips? It's the law! Tip income adds up. There are positive benefits such as increased income may improve financing approval when applying for larger loan amounts (mortgage, car, and other loans); increased worker's compensation benefits, should you get hurt on the job; increased unemployment compensation benefits; increased Social Security and Medicare benefits (the more you pay, the greater your benefits). And the negative side is that underreporting could result in you owing substantial taxes, penalties, and interest.

Your supervisor will explain the process in place for reporting all tips. Remember to record this daily. Additionally, you are strongly advised to maintain a daily "Tips Log" for yourself in the event of an audit. IRS Publication 1244 has a sample you can use for this. It can be found at <http://www.irs.gov/pub/irs-pdf/p1244.pdf>.

By signing below I understand the above information and agree to report my cash tips at the end of each shift worked.

Signature

Date

Print Name Here

Employee should keep a copy.
Return the original form to the Payroll Office.



U.S. Department of Labor Required Notice

The U.S. Department of Labor amended its tip credit notice regulations, effective May 5, 2011, to require employers to inform tipped employees of certain tip credit information. We are informing you of the following as a result of this new requirement:

The tip credit is the amount of tips used by the employer to satisfy Federal and State minimum wage requirements. It is **not** the total amount of tips required to be reported. As mentioned in the "Notice to Tipped Employees," 100% of all tips must be reported.

- The amount of cash wage to be paid to you per hour as a **Server** will be \$2.83.
- Assuming you have received a sufficient amount of tips to cover the tip credit, the amount of your tips per hour to be credited as wages will be \$4.42.
- You have the right to retain all the tips you receive, except for a valid tip pooling arrangement limited to employees who customarily and regularly receive tips.
- The tip credit shall not apply unless you have been informed of these requirements.

You are being provided this information in accordance with Section 203 (m) of the Fair Labor Standards Act. Please sign and date this notice indicating that you understand it, and return it to your supervisor. This form must be filed and kept in the payroll office in order to comply with the law. Contact the Payroll Office at (717) 432-9631 x3704 if you have any questions.

Thank you.

Signature

Date

Print Name Here

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- The amount of cash wage to be paid to you per hour as a **Bartender** will be \$6.00.
- Assuming you have received a sufficient amount of tips to cover the tip credit, the amount of your tips per hour to be credited as wages will be \$1.25.
- You have the right to retain all the tips you receive, except for a valid tip pooling arrangement limited to employees who customarily and regularly receive tips.
- The tip credit shall not apply unless you have been informed of these requirements.

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