

O'Neil & Steiner, PLLC  
No Tax on Tips Organizer

The One Big Beautiful Bill Act (OBBBA) created an additional “above line” (you can claim it without itemizing) for tax years 2025-2028 that is referred to as the No Tax on Tips deduction.

Taxpayers must have received tips from an eligible occupation that has been identified as one that did “customarily and regularly receive tips” before December 31, 2024. The official list of qualifying occupations along with their Treasury Tipped Occupation Codes (TTOC) issued by the Treasury Department can be found at:

<https://home.treasury.gov/system/files/136/Tipped-Occupations-Detailed-8-27-2025.pdf>

Taxpayers can deduct up to \$25,000 of qualified tip income per tax return.

Important details to understand include the following:

1. Qualified tips include those reported to employers (shown on Forms W-2), tips not reported to your employer (Form 4137), and tips included in self-employed income.
2. Married filing separately filers are not eligible for the deduction.
3. The \$25,000 maximum applies per tax return, not per taxpayer. The limit is the same for single, head of household, and married filing joint returns.
4. The deduction is subject to income phaseouts for single taxpayers with Modified Adjusted Gross Income (MAGI) over \$150,000 for single and head of household filers; \$300,000 for married couples filing jointly.
5. Tips must be voluntary cash or charged tips (including tip pool proceeds).
6. Mandatory service charges or automatic gratuities are not eligible.
7. Taxpayers must have a Social Security Number valid for employment to claim this deduction.

Please complete the following information if you qualify to claim this deduction on your return:

1. Did you receive tips as an employee or from self-employment income?

Circle:      *Employee and/or Self-employment income*

2. What was your eligible occupation and Treasury Tipped Occupation Code (TTOC)?

Occupation: \_\_\_\_\_

TTOC: \_\_\_\_\_

3. If you circled “Employee” in #1 above: Did you have additional tips in excess of those reported to your employer to be reported on Form 4137?

Circle one:      *Yes or No*

\*If yes, how much should be reported on Form 4137? \$ \_\_\_\_\_

4. If you circled “Self-Employment Income” in #1 above: How much did you receive in tips for each of the following:

a. Tips included in amounts shown on Forms 1099-NEC provided: \$ \_\_\_\_\_

b. Tips not included on Forms 1099-NEC other tips included in gross income on your Self-Employment Organizer or in gross income on similar records provided:

\$ \_\_\_\_\_