

YOU EARNED THOSE TIPS— NOW KEEP MORE OF THEM

No Tax on Tips is a new, temporary federal income tax deduction that allows workers in traditionally tipped industries to deduct a portion of their tip income on their federal taxes—for tax years 2025 through 2028.

1

WHO QUALIFIES FOR THIS DEDUCTION?

Individuals working in traditionally and customarily tipped industries.

2

HOW MUCH TIP INCOME CAN I DEDUCT?

Up to \$25,000 in reported tip income per year can be deducted from your federal taxable income.

3

DO I STILL NEED TO REPORT MY TIPS?

Yes. This is a deduction, not an exclusion. All tips—cash, credit card, or other cash-equivalent forms—must still be reported as income.

4

ARE TIPS STILL SUBJECT TO OTHER TAXES?

Yes. Tip income will still be:

- Taxable at the state and local levels (depending on your location)
- Subject to individual payroll taxes, including Social Security and Medicare

5

DOES THIS APPLY TO BOTH CASH AND CREDIT CARD TIPS?

Yes. The deduction applies to all reported tips, whether received in cash or via credit card.

6

ARE THERE INCOME LIMITS FOR ELIGIBILITY?

It phases out for taxpayers with income over \$150,000 (\$300,000 for married filing jointly). The deduction would be reduced by \$100 for every \$1,000 the taxpayer's modified adjusted gross income exceeds those amounts.

7

HOW LONG WILL THIS DEDUCTION BE AVAILABLE?

The deduction is temporary and will apply only to tax years 2025 through 2028, unless extended by Congress.