

Entering Tip Income in Tax Slayer

Reference: Pub 4012, page D-5

Check appropriate box for each question in each section			
Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how much?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)

All cash and non-cash tips an employee receives are considered income and are subject to Federal income taxes. If the taxpayer answers “Yes” to Tip Income on Form 13614-C, ask if the tips are included on the W-2 in Box 8. Employees are required to report to an employer the amount of any tips received if they exceed \$20/month. These so-called “reported” tips appear on the W-2 in Box 8 as Allocated Tips.

If the tips are not reported on the W-2, the return is Advanced and the tip amounts must be entered in Tax Slayer on Form 4137 (Social Security and Medicare Tax on Unreported Tip Income).

To enter unreported tips exceeding \$20/month:

1. Navigate to the W-2 screen and enter all information from the W-2 as usual.
2. Click in Box 8 for “**Unreported Tips**” and enter the amount of unreported tips.

Note: This will add Form 4137 (Social Security and Medicare Tax on Unreported Tip Income) to the return. No further entries or actions are needed.

To enter unreported tips totaling less than \$20/month:

1. Navigate to the W-2 screen and enter all information from the W-2 as usual.
2. Click in Box 8 for “**Unreported Tips**” and enter the amount of unreported tips.
3. Navigate to **Other Taxes**→**Tax on Unreported Tip Income**.
4. Click in the **Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month** field and enter the same amount of tips from step 2 above.