

Entering Tip Income in TaxSlayer

Reference: Pub 4012, page D-9

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 **Form 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 **Form 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.

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 below **Box 10** and enter the amount of unreported tips in “**Unreported Tips**”.

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.

3. Continue with tax return preparation.

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 below **Box 10** and enter the amount of unreported tips in “**Unreported Tips**”.

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.
5. Continue with tax return preparation.