

February 4, 1992

A significant number of employees in gaming establishments derive a portion of their income from tips. Any person working in a position where he receives TIP INCOME—either from direct or indirect sources—is responsible for reporting ALL TIP INCOME as income for both federal and state income tax purposes.

Tip income would include gratuities received directly from a patron, or any indirect disbursement of tip monies (e.g., tips busboys receive from other directly tipped employees, or an employee's share of pooled tips).

Tips are considered wages for Social Security purposes and, as such, should be reported to the employer so that appropriate state and federal income and Social Security taxes can be withheld.

BY LAW, all tipped employees are required to maintain current and accurate records of all tips received. If it is determined that accurate records have not been kept, state and federal authorities have the authority to determine income from tips.

Free information and assistance are available to you from both the I.R.S. and Colorado Department of Revenue. You may call the I.R.S. at 1-800-829-7041 and the Department of Revenue at 572-1208 (metro) or 1-800-332-2087.