

Billy Rancher & the Unreal Gods



with **Restless Natives**

and the **Pipsqueaks**

Friday April 1

Eugene Armory

across from Autzen Stadium

8PM Tickets at the door \$5

IRS puts a tax on tips today

WASHINGTON (AP) — The government carries its campaign against tax chiselers into the nation's bars and restaurants today, hoping to pick up an extra \$1 billion a year from waiters and others who've fudged their earnings from tips.

The Internal Revenue Service estimates that 84 percent of taxable tips received by waiters, cabbies and others are never reported as income. That tax-dodging rate is exceeded only by drug pushers, prostitutes and other criminals, the IRS says.

Beginning today, restaurants and bars with 11 or more employees — some or all of whom are tipped regularly — must begin complying with a new law that, in essence, requires waiters and waitresses to prove they are not tipped at least 8 percent of sales.

"It's bad legislation because the average tip is much less than 8 percent — maybe as low as 3 percent," says Jeffrey Prince, senior director of the National Restaurant Association.

A campaign to repeal the law is already under way. One reason is that even before the law went into effect, some establishments mistakenly began withholding an extra 8 percent of waiters' paychecks. Some waitresses have told of taking home checks from which

every cent had been withheld. Of course, they also took home all their tips.

But the law has nothing to do with withholding — it specifically prohibits withholding taxes from any tips except those reported by the waiter.

Tips have been taxable as long as there has been an income tax. Since 1965, waiters have been required to report to employers tips totaling more than \$20 a month. The employer withholds Social Security and income taxes from those tips and the waiter's wages.

None of that changes under the new law. After each pay period, the restaurant will add up sales and tips reported by all waiters. Any waiter whose tips don't total at least 8 percent of his sales will be allocated enough to make up the difference. He won't get the allocated money and he won't necessarily have to pay tax on it; the employer will simply report the figure to IRS.

When the waiter files his tax return early next year, he will report tips received and pay tax on that amount. But the W-2 form showing his wages and reported tips will also list his allocated tips, and any waiter whose return is audited might have to prove he did not receive 8 percent tips.

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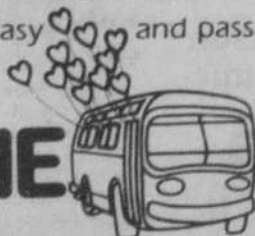
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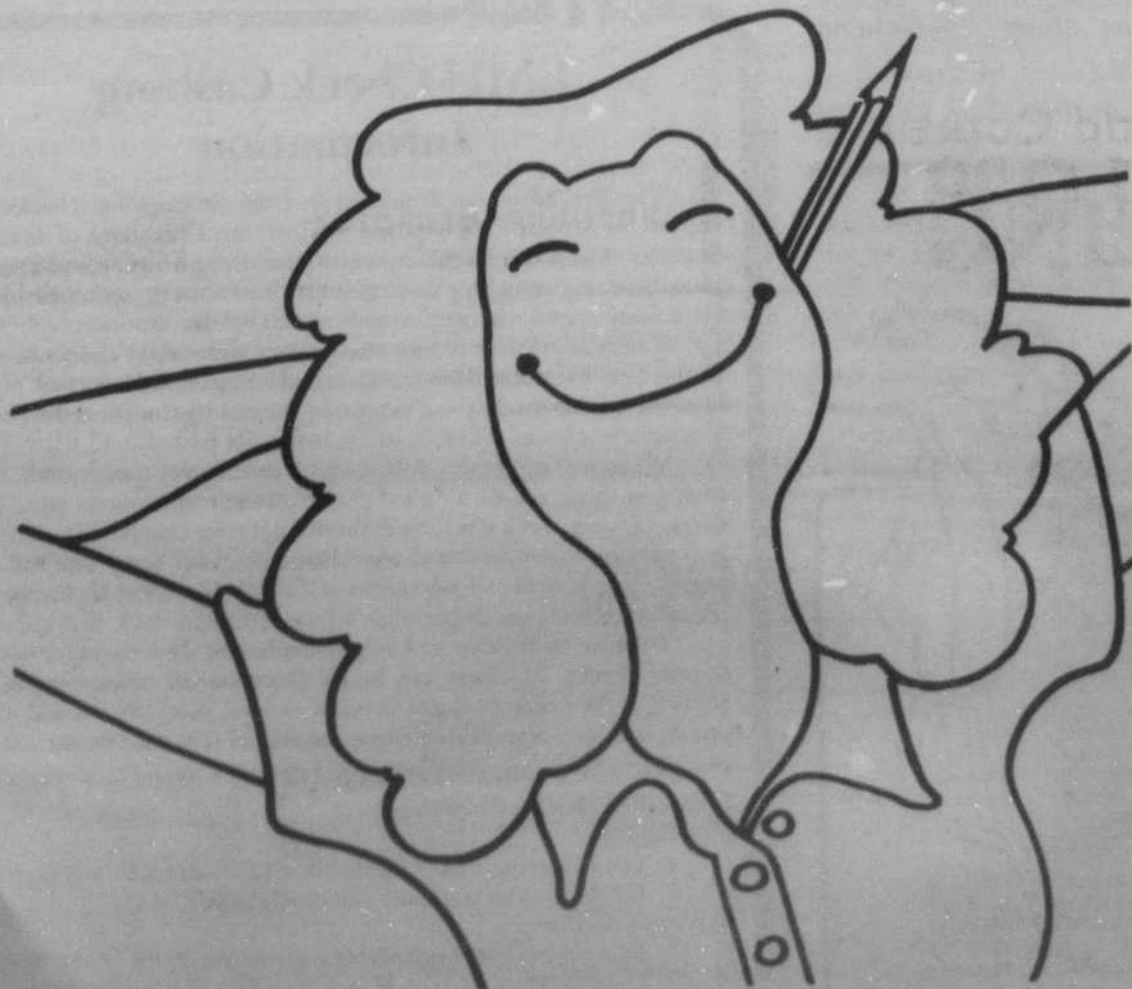
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