

Reporting Tips Benefits Employees

There are many benefits to correctly reporting your tip income. If your company has a 401K plan, then you are able to make a larger contribution. An increase in income provides better opportunities to improve your financial picture, especially when applying for a mortgage or buying that new car. If you get laid off or worse, hurt on the job, the correct reporting will provide better jobless benefits or workers compensation. It also increases your Social Security benefits upon retirement. But the most important reason is that you are in full compliance of the tax law.