



The Lobster Pot

*Harborside at 321 Commercial Street
PO Box 1367
Provincetown MA 02657
508-487-0842
Fax: 508-487-4863
email: info@ptownlobsterpot.com
www.ptownlobsterpot.com*

MEMO

TO: ALL INDIRECTLY TIPPED EMPLOYEES

RE: DECLARING TIPS

As a bus person or service bartender, you are classified by the IRS as indirectly receiving tipped income. The purpose of this memo is to fully explain the Lobster Pot's policy regarding your requirements in the reporting of tip income. By signing at the bottom of this form, you acknowledge that you fully understand what is required of you and what can result in not properly reporting your tip income.

Tip reporting follows three basic rules:

1. 100% of tips are taxable & must be reported.
2. We require you to declare your tips at the end of each shift.
3. Record keeping – you are required to keep adequate records of all tipped income. A daily record of dates, amounts and from whom is required. This is not the responsibility of the Lobster Pot & if audited, you place yourself in a penalty position if you cannot provide the proper records.

Please keep in mind the following:

- The Lobster Pot is required to report to the IRS all server sales and declared tips. Once reported, these numbers easily demonstrate how much was “tipped out” and whether you are declaring the full amount that you received.
- “Red flags” immediately go up on individuals that are under reporting.
- In the event of an audit, it will no doubt be the entire restaurant that is audited, not only the obvious “red flags”.
- **Under reporting can mean the following:**
 1. Puts not only yourself but your coworkers in a potential audit and penalty position.
 2. If you are employed with the Lobster Pot under the H2B Visa Program, you run the risk of being excluded from this program in the future.
- It is our responsibility to inform you of the rules, but not to play “tip police”.
You alone are responsibility for 100% tip reporting.

By signing & returning this memo, you indicate to us that you understand what is required of you in declaring your tipped income.

Signature-

Print Name-

Date-