

Social Security Tax on Unreported Tip Income
 (Under Federal Insurance Contributions Act)

▶ See instructions on back.
 ▶ Attach to Form 1040.

Name of person who received tip income (as shown on Form 1040) _____ Social security number _____

Name(s) of employer(s) to whom you were required to, but did not, report your tip income:

1 Total cash and charge tips received in 1990. (Note: Include December 1989 tips reported to your employer from January 1, 1990, through January 10, 1990. Do not include December 1990 tips reported to your employer from January 1, 1991, through January 10, 1991.) See When Tips Are Taxable in the instructions on the back	1		
2 Total cash and charge tips reported to your employer in 1990	2		
3 Subtract line 2 from line 1. Enter the result here. This amount is income that you must include in the total on Form 1040, line 7	3		
4 Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month	4		
5 Subtract line 4 from line 3. Enter the result here	5		
6 Largest amount of wages (including tips) subject to social security tax	6	51,300	00
7 Total social security wages and social security tips shown on Form(s) W-2 or railroad retirement compensation shown on statement. (Include covered wages you received as an agricultural or household employee.)	7		
8 Subtract line 7 from line 6. If line 7 is more than line 6, you do not owe this tax. Do not complete the rest of this form or Schedule U below	8		
9 Unreported tips subject to social security tax. Compare the amounts on lines 5 and 8 above. Enter the smaller of the two amounts here and on Schedule U below	9		
10 Multiply the amount on line 9 by .0765. Enter the result here and on Form 1040, line 51 ▶	10		

For Paperwork Reduction Act Notice, see instructions on back. Form 4137 (1990)

Do Not Detach

U.S. Schedule of Unreported Tip Income
 For crediting to your social security record

Important: The amounts reported below are for your social security record. This record is used in figuring any benefits, based on your earnings, payable to you, your dependents, and your survivors. Fill in each item accurately and completely.

Print or type name of person who received tip income (as shown on Form 1040) _____ Social security number _____

Address (number and street) _____ Apt. no. _____ Occupation _____

City, town or post office, state, and ZIP code _____

Unreported tips subject to social security tax. Enter the amount from line 9 of Form 4137, above . . . ▶ \$ _____

Please do not write in this space

DLN—

Instructions

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	26 minutes
Learning about the law or the form	5 minutes
Preparing the form	16 minutes
Copying, assembling, and sending the form to IRS	17 minutes

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the Instructions for Form 1040.

Purpose of Form.—Form 4137 is used to figure the social security tax owed on tips you did not report to your employer, including any allocated tips shown on your Form(s) W-2 that you must report as income. It is also used to figure the amount of tip income to be reported on your social security record. Be sure to include the amount from line 3 of Form 4137 in the total entered on Form 1040, line 7.

Who Must File.—You must file Form 4137 if you received cash and charge tips of \$20 or more in any month and you did not report all of those tips to your employer. You must also file Form 4137 if your Form(s) W-2 show allocated tips that you must report as income. Allocated tips should be shown in Box 7 of your W-2 form(s).

If married filing a joint return and both spouses had unreported tip income, each spouse must complete a separate Form 4137.

Allocated Tips You Must Report as Income.—You must report as income on Form 1040, line 7, the amount of allocated tips shown on your Form(s) W-2 unless you have adequate records that show you did not receive that amount. If you have records, you must report as income the amount of tips your records show you actually received, even if this amount is more or less than the allocated tips. Although allocated tips are shown on your Form W-2, they are not included in the wages, tips, and other compensation box (Box 10) on that form and no income tax or social security tax has been withheld from these tips.

For more information, get **Pub. 531, Reporting Income From Tips.**

Tips You Must Report to Your Employer.—You must give your employer a written statement of cash and charge tips if you received \$20 or more in tips during a month. If, in any month, you worked for two or more employers and

received tips while working for each, the \$20 test applies separately to the tips you received for your work for each employer and not to the total you received. You must report these tips to your employers by the 10th day of the month after the month you received them.

Certain Tips You Do Not Report on This Form.—Do not report on this form tips received:

- For work covered by the Railroad Retirement Tax Act (contact any Railroad Retirement Board office for information on how to get railroad retirement credit for tips not reported to railroad employers); or
- While working for state or local governments if your pay is subject **only** to the 1.45% Medicare (hospital insurance benefits) tax.

When Tips Are Taxable.—If you reported tips to your employer as required by the 10th day of the month after the month you received them, those tips are considered income to you in the month you reported them. For example, tips you received in December of 1990 that you reported to your employer between January 1, 1991, and January 10, 1991, are considered income in 1991 and should be included on your 1991 Form W-2. (Do not include these tips on line 1 of this form.)

Tips you did not report to your employer on time or did not report at all are considered income to you in the month you actually received them. For example, tips you received in December of 1990 that you reported to your employer after January 10, 1991, are considered income in 1990 because you did not report them to your employer on time. (Include these tips on line 1 of this form.) Also include the following on line 1 of this form:

- Tips you received that you were not required to report to your employer because they totaled less than \$20 during the month. These tips are also entered on line 4 and subtracted from your other tip income because they are not subject to social security tax.
- Allocated tips that you must report as income.

Payment of Tax.—Tips you reported to your employer are subject to social security or railroad retirement tax and income tax withholding. Your employer collects these taxes from wages (excluding tips) or other funds of yours available to cover them. If your wages were not enough to cover these taxes, you may have given your employer the additional amounts needed. Your Form W-2 will include the tips you reported to your employer and the taxes withheld. If there was not enough money to cover the social security or railroad retirement tax, your Form W-2 will also show the tax due.

Penalty for Not Reporting Tips.—If you did not report the tips you were required to report to your employer, you may be charged a penalty equal to 50% of the social security tax due on those tips. Therefore, you should attach a statement to your return explaining why you did not report them.

For more information, see **Pub. 531** and **Pub. 505, Tax Withholding and Estimated Tax**, available from most Internal Revenue Service offices.