

Social Security and Medicare Tax
on Unreported Tip Income

OMB No. 1545-0074

2025

Attachment
Sequence No. 24Attach to your tax return.
Go to www.irs.gov/Form4137 for the latest information.

Name of person who received tips. If married, complete a separate Form 4137 for each spouse with unreported tips.

Social security number

| | (a) Name of employer to whom you were required to but didn't report all your tips (see instructions) | (b) Employer identification number (see instructions) | (c) Total cash and charge tips you received (including unreported tips) (see instructions) | (d) Total cash and charge tips you reported to your employer |
|----|--|---|--|--|
| A | | | | |
| B | | | | |
| C | | | | |
| D | | | | |
| E | | | | |
| 2 | Total cash and charge tips you received in 2025. Add the amounts from line 1, column (c) | | 2 | |
| 3 | Total cash and charge tips you reported to your employer(s) in 2025. Add the amounts from line 1, column (d) | | | 3 |
| 4 | Subtract line 3 from line 2. Include as income on Form 1040, 1040-SR, or 1040-NR, line 1c. (See <i>Allocated tips</i> in the instructions.) | | | 4 |
| 5 | Cash and charge tips you received but didn't report to your employer because the total was less than \$20 in a calendar month (see instructions) | | | 5 |
| 6 | Unreported tips subject to Medicare tax. Subtract line 5 from line 4 | | | 6 |
| 7 | Maximum amount of wages (including tips) subject to social security tax | 7 | 176,100 | |
| 8 | Total social security wages and social security tips (total of your Form(s) W-2, boxes 3 and 7) and railroad retirement (RRTA) compensation (subject to 6.2% rate) (see instructions) | | 8 | |
| 9 | Subtract line 8 from line 7. If line 8 is more than line 7, enter -0- | | | 9 |
| 10 | Unreported tips subject to social security tax. Enter the smaller of line 6 or line 9. If you received tips as a federal, state, or local government employee, see instructions | | | 10 |
| 11 | Multiply line 10 by 0.062 (social security tax rate) | | | 11 |
| 12 | Multiply line 6 by 0.0145 (Medicare tax rate) | | | 12 |
| 13 | Add lines 11 and 12. Include as tax on Schedule 2 (Form 1040), line 5, or Form 1040-SS, Part I, line 6a. (See instructions there.) | | | 13 |

General Instructions**Future Developments**

For the latest information about developments related to Form 4137 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form4137.

What's New

For 2025, the maximum wages and tips subject to social security tax increases to \$176,100. The social security tax rate an employee must pay on tips remains at 6.2%.

Reminder

A 0.9% Additional Medicare Tax applies to Medicare wages, Railroad Retirement Tax Act (RRTA) compensation, and self-employment income over a threshold amount based on your filing status. Use Form 8959, Additional Medicare Tax, to figure this tax. See the Instructions for Form 8959 for more information on the Additional Medicare Tax.

Purpose of form. Use Form 4137 **only** to figure the social security and Medicare tax owed on tips you didn't report to your employer, including any allocated tips shown on your Form(s) W-2 that you must report as income. You must also report the income on Form 1040, 1040-SR, or 1040-NR, line 1c. By filing this form, your social security and Medicare tips will be credited to your social security record (used to figure your benefits). Don't use Form 4137 as a substitute Form W-2.



If you believe you're an employee and you received Form 1099-MISC, Miscellaneous Information, or Form 1099-NEC, Nonemployee Compensation, instead of Form W-2, Wage and Tax Statement, because your employer didn't consider you an employee, don't use this form to report the social security and Medicare tax on that income. Instead, use Form 8919, Uncollected Social Security and Medicare Tax on Wages.

Who must file. You must file Form 4137 if you received cash and charge tips of \$20 or more in a calendar month and didn't report all of those tips to your employer. You must also file Form 4137 if your Form(s) W-2, box 8, shows allocated tips that you must report as income.

Allocated tips. You must report all your tips from 2025, including both cash tips and noncash tips, as income on Form 1040, 1040-SR, or 1040-NR. Any tips you reported to your employer in 2025 are included in the wages shown on your Form W-2, box 1. Enter on Form 1040, 1040-SR, or 1040-NR, line 1c, only the tips you received in 2025 and didn't report to your employer. This should include any allocated tips shown on your Form(s) W-2, box 8, unless you have adequate records to show that your unreported tips are less than the amount in box 8. Although allocated tips are shown on your Form W-2, box 8, they aren't included in Form W-2, box 1, and no tax is withheld from these tips.

Tips you must report to your employer. If you receive \$20 or more in cash tips (defined next), you must report 100% of those tips to your employer through a written report. Cash tips include tips paid by cash, check, debit card, and credit card. The written report should include tips your employer paid to you for tips customers paid electronically, tips you received directly from customers, tips you received from other employees, and tips you received under any other tip-sharing arrangement. If, in any month, you worked for two or more employers and received tips while working for each, the \$20 rule applies separately to the tips you received while working for each employer and not to the total you received. You must report your tips to your employer by the 10th day of the month following the month you received them. If the 10th day of the month falls on a Saturday, Sunday, or legal holiday, give your employer the report by the next business day.

Employees subject to the Railroad Retirement Tax Act. Don't use Form 4137 to report tips received for work covered by the Railroad Retirement Tax Act. To get railroad retirement credit, you must report these tips to your employer.

Payment of tax. Tips you reported to your employer are subject to social security and Medicare tax (or railroad retirement tax), Additional Medicare 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 weren't 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 wasn't enough money to cover the social security and Medicare tax (or railroad retirement tax), your Form W-2, box 12 (codes A and B), will show the uncollected tax due. See the instructions for Schedule 2 (Form 1040), line 13, to see how to report the tax due. If you worked in American Samoa, Guam, or the U.S. Virgin Islands, the amount of uncollected tax due is identified in box 12 on Form W-2AS, W-2GU, or W-2VI with codes A and B. If you worked in Puerto Rico, Form 499R-2/W-2PR shows the uncollected tax due in the boxes for "Seguro Social no Retenido en Propinas - Uncollected Social Security Tax on Tips" and "Contrib. Medicare no Retenida en Propinas - Uncollected Medicare Tax on Tips." Unlike the uncollected portion of the regular (1.45%) Medicare tax, the uncollected Additional Medicare Tax isn't reported on Form W-2, box 12, with code B.

Penalty for not reporting tips. If you didn't report tips to your employer as required, you may be charged a penalty equal to 50% of the social security, Medicare, and Additional Medicare Taxes due on those tips. You can avoid this penalty if you can show (in a statement attached to your return) that your failure to report tips to your employer was due to reasonable cause and not due to willful neglect.

Additional information. See Pub. 531, Reporting Tip Income. See Rev. Rul. 2012-18 for guidance on taxes imposed on tips and the difference between tips and service charges. You can find Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, at www.irs.gov/irb/2012-26_IRB#RR-2012-18.

Specific Instructions

Line 1. Complete a separate row for each employer. If you had more than five employers in 2025, attach a statement that contains all of the information (and in a similar format) as required on Form 4137, line 1, or complete and attach line 1 of additional Form(s) 4137. Complete lines 2 through 13 on only one Form 4137. The line 2 and line 3 amounts on that Form 4137 should be the combined totals of all your Forms 4137 and attached statements. Include your name, social security number, and calendar year (2025) on the top of any attachment.

Column (a). Enter your employer's name exactly as shown on your Form W-2.

Column (b). For each employer's name you entered in column (a), enter the employer identification number (EIN) or the words "Applied For" exactly as shown on your Form W-2.

Columns (c) and (d). Include all cash and charge tips you received. All of the following tips must be included.

• **Total tips you reported to your employer timely.** Tips reported timely are included in gross income of the employee for the month and year in which the report is made.

Example. You earn and receive tips during December 2025 and report them to your employer during January 1 through January 12, 2026. (January 10-11, 2026 is a Saturday-Sunday.) You include the tips on your 2026 Form 4137, line 1, columns (c) and (d).

• **Total tips you reported to your employer late.** Tips reported late are included in gross income of the employee for the month and year earned and received.

Example. You earn and receive tips during December 2025 and report them to your employer after January 12, 2026. (January 10-11, 2026 is a Saturday-Sunday.) You include the tips on your 2025 Form 4137, line 1, columns (c) and (d).

• Tips you didn't report at all (include any allocated tips (see *Allocated tips*, earlier) shown on your Form(s) W-2, box 8, unless you can prove that your unreported tips are less than the amount in box 8). Include these tips in column (c). These tips are considered income to you in the month you actually received them.

• Tips you received that you weren't required to report to your employer because they totaled less than \$20 during the month. Include these tips in column (c).

Line 5. Enter only the tips you weren't required to report to your employer because the total received was less than \$20 in a calendar month. These tips aren't subject to social security and Medicare tax.

Line 6. Enter this amount on Form 8959, line 2, if you're required to file that form.

Line 8. For railroad retirement (RRTA) compensation, don't include an amount greater than \$176,100, which is the amount subject to the 6.2% rate for 2025.

Line 10. If line 6 includes tips you received for work you did as a federal, state, or local government employee and your pay was subject only to the 1.45% Medicare tax, subtract the amount of those tips from the line 6 amount only for the purpose of comparing lines 6 and 9. Don't reduce the actual entry on line 6. Enter "1.45% tips" and the amount you subtracted on the dotted line next to line 10.