



Federal IRS Income Tax Form for Tax Year 2010 (1/1/2010-12/31/2010)

You can efile this tax form for Tax Year 2010 (Jan. 1, 2010 - Dec. 31, 2010) from Jan. 15, 2011 until October 17, 2011.

After October 15 until around December 15, you can prepare the current tax year's tax forms online, but the IRS will no longer accept tax returns via efile. After December 15 of the tax year, forms can only be prepared offline and will have to be mailed to the address listed on each tax form.

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**Social Security and Medicare Tax
on Unreported Tip Income**

Department of the Treasury
Internal Revenue Service (99)

▶ See instructions below and on back.

Attachment
Sequence No. **24**

▶ Attach to Form 1040, Form 1040NR, Form 1040NR-EZ, Form 1040-SS, or Form 1040-PR.

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

Social security number

| 1 | (a) Name of employer to whom you were required to, but did not 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 2010. Add the amounts from line 1, column (c) | | 2 | |
| 3 | Total cash and charge tips you reported to your employer(s) in 2010. Add the amounts from line 1, column (d) | | | 3 |
| 4 | Subtract line 3 from line 2. This amount is income you must include in the total on Form 1040, line 7; Form 1040NR, line 8; or Form 1040NR-EZ, line 3 | | | 4 |
| 5 | Cash and charge tips you received but did not 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 | 106,800 00 |
| 8 | Total social security wages and social security tips (total of boxes 3 and 7 shown on your Form(s) W-2) or railroad retirement (tier 1) compensation | | 8 | |
| 9 | Subtract line 8 from line 7. If line 8 is more than line 7, enter -0- here and on line 10 and go to line 12. | | | 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 .062 (social security tax rate) | | | 11 |
| 12 | Multiply line 6 by .0145 (Medicare tax rate). | | | 12 |
| 13 | Add lines 11 and 12. Enter the result here and on Form 1040, line 57; Form 1040NR, line 55; or Form 1040NR-EZ, line 16 (Form 1040-SS and 1040-PR filers, see instructions.) | | | 13 |

General Instructions

Purpose of form. Use Form 4137 **only** to figure the social security and Medicare 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. You must also report the income on Form 1040, line 7; Form 1040NR, line 8; or Form 1040NR-EZ, line 3. By filing this form, your social security and Medicare tips will be credited to your social security record (used to figure your benefits).



If you believe you are an employee and you received Form 1099-MISC, Miscellaneous Income, instead of Form W-2, Wage and Tax Statement, because your employer did not consider you an employee, do not 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 did not report all of those tips to your employer. You must also file Form 4137 if box 8 of your Form(s) W-2 shows allocated tips that you must report as income.

Allocated tips. You must report as income on Form 1040, line 7; Form 1040NR, line 8; or Form 1040NR-EZ, line 3, at least the amount of allocated tips shown in box 8 of your Form(s) W-2 unless you can prove a smaller amount with adequate records. If you have records that show the actual amount of tips you received, report that amount even if it 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 1) on that form and no income tax, social security tax, or Medicare tax has been withheld from these tips.

Tips you must report to your employer. You must give your employer a written report 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 rule applies separately to the tips you received while working for each employer and not to the total you received. Your reportable tips include cash tips received from customers, charged tips distributed to you by your employer, and tips received from other employees under any tip-sharing arrangement. You must report your tips to your employers 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. Do not use Form 4137 to report tips received for work covered by the Railroad Retirement Tax Act. In order 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) 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 and Medicare tax (or railroad retirement tax), your Form W-2 will also show the tax due in box 12 with codes A and B. See the instructions for Form 1040, line 60; or Form 1040NR, line 59 to find out 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, boxes 22 and 23, show the uncollected tax due. See the instructions for line 5 of Form 1040-PR or 1040-SS to find out how to report the tax due.

Penalty for not reporting tips. If you did not report tips to your employer as required, you may be charged a penalty equal to 50% of the social security and Medicare tax due on those tips. You can avoid this penalty if you can show that your failure to report tips to your employer was due to reasonable cause and not due to willful neglect. To do so, you can attach a statement to your return explaining why you did not report them.

Additional information. See Pub. 531, Reporting Tip Income.

Specific Instructions

Line 1. Complete a separate line for each employer. If you had more than five employers in 2010, 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 statement.

Column (a). Enter your employer's name exactly as it is entered in box c of your Form W-2.

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

Column (c). Include all cash and charge tips you received. This includes the following:

- Total tips you reported to your employer. Tips you reported, as required, by the 10th day of the month following the month you received them are considered income in the month you reported them. For example, tips you received in December 2009 that you reported to your employer after December 31, 2009, but by January 11, 2010, are considered income in 2010 and should be included on your 2010 Form W-2 and reported on line 1 of Form 4137. However, tips you received in December 2010 that you reported to your employer after December 31, 2010, but by January 10, 2011, are considered income in 2011. Do not include these tips on line 1.
- Tips you did not report to your employer on time or did not report at all. These tips are considered income to you in the month you actually received them. For example, tips you received in December 2010 that you reported to your employer after January 10, 2011, are considered income in 2010 because you did not report them to your employer on time.
- Tips you received that you were not required to report to your employer because they totaled less than \$20 during the month.
- Allocated tips you must report as income (see page 1).

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

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. Do not reduce the actual entry on line 6. Enter "1.45% tips" and the amount you subtracted on the dotted line next to line 10.

Line 13. Form 1040-SS and Form 1040-PR filers include the amount on line 5. See the instructions for line 5 of the form you file on how to report the tax due.