



(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to eliminate the application of the income tax on cash tips through a deduction allowed to all individual taxpayers.

IN THE HOUSE OF REPRESENTATIVES

Mr. DONALDS introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to eliminate the application of the income tax on cash tips through a deduction allowed to all individual taxpayers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Tax on Tips Act”.

5 **SEC. 2. DEDUCTION FOR CASH TIPS.**

6 (a) IN GENERAL.—

7 (1) DEDUCTION ALLOWED.—Part VII of sub-
8 chapter B of chapter 1 of the Internal Revenue Code

1 of 1986 is amended by redesignating section 224 as
2 section 225 and by inserting after section 223 the
3 following new section:

4 **“SEC. 224. CASH TIPS.**

5 “There shall be allowed as a deduction an amount
6 equal to the cash tips received during the taxable year that
7 are included on statements furnished to the employer pur-
8 suant to section 6053(a).”.

9 (2) CONFORMING AMENDMENT.—The table of
10 sections for part VII of subchapter B of chapter 1
11 of such Code is amended by redesignating the item
12 relating to section 224 as relating to section 225
13 and by inserting after the item relating to section
14 223 the following new item:

“Sec. 224. Cash tips.”.

15 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
16 Section 63(b) of the Internal Revenue Code of 1986 is
17 amended by striking “and” at the end of paragraph (3),
18 by striking the period at the end of paragraph (4) and
19 inserting “and”, and by adding at the end the following
20 new paragraph:

21 “(5) the deduction provided in section 224.”.

22 (c) NON-APPLICATION OF CERTAIN LIMITATIONS
23 FOR ITEMIZERS.—

24 (1) DEDUCTION NOT TREATED AS A MISCELLA-
25 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the

1 Internal Revenue Code of 1986 is amended by strik-
2 ing “and” at the end of paragraph (11), by striking
3 the period at the end of paragraph (12) and insert-
4 ing “, and”, and by adding at the end the following
5 new paragraph:

6 “(13) the deduction under section 224 (relating
7 to cash tips).”.

8 (2) DEDUCTION NOT TAKEN INTO ACCOUNT
9 UNDER OVERALL LIMITATION.—Section 68(c) of the
10 Internal Revenue Code of 1986 is amended by strik-
11 ing “and” at the end of paragraph (2), by striking
12 the period at the end of paragraph (3) and inserting
13 “, and”, and by adding at the end the following new
14 paragraph:

15 “(4) the deduction under section 224 (relating
16 to cash tips).”.

17 (d) WITHHOLDING.—The Secretary of the Treasury
18 (or the Secretary’s delegate) shall modify the tables and
19 procedures prescribed under section 3402(a) of the Inter-
20 nal Revenue Code of 1986 to take into account the deduc-
21 tion allowed under section 224 of such Code (as added
22 by this Act).

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2024.