

REVENU
QUÉBEC



FAIR.
FOR ALL.

QUESTIONS ABOUT TIPS

EMPLOYEES

www.revenuquebec.ca

Employees who receive tips, particularly those who work in bars, restaurants and hotels, are required to report all their tips. This document, specifically designed for employees working in these sectors, provides the answers to some of the questions you may have about reporting tips.

Why do I have to report my tips to my employer?

Reporting your tips at the end of each pay period ensures that you will receive social benefits, including Employment Insurance and Québec parental insurance plan benefits, based on your total income (wages plus tips).

In addition to being entitled to the usual types of protection associated with reported work, you benefit from:

- an improved standing with financial institutions;
- the possibility of contributing more to your registered retirement savings plan;
- a pension paid under the Québec Pension Plan which is based on all your income.

Are the tips received taken into account in the calculation of Employment Insurance and Québec parental insurance plan benefits?

Yes, with the exception of tips allocated to you by your employer. It is therefore important for you to report all of your tips and to ensure that you receive a statement with each pay. The statement should show the calculation of your net wages, and indicate the amount of tips you reported in the statement you provided to your employer and the amount of any tips allocated to you by your employer.

Is it to my advantage to report the full amount of my tips when my employer calculates statutory holidays, paid vacation leave and family or parental leave?

Yes, because your employer must take into account your total income (that is, your tips and your wages) in calculating the indemnities provided for under the *Act respecting labour standards* for statutory holidays, paid vacation leave and family or parental leave (for example, maternity leave or leave granted in the event of a death or marriage). This is a requirement even if you are covered by a collective agreement.

Do I have to remit my tips to my employer?

No, you must simply report the amount of your tips. If you work at an establishment covered by the measures respecting tips, you must report your tips in writing to your employer at the end of each pay period. This is true whether you receive tips directly (for example, as a waiter) or indirectly (for example, as a busboy). Your employer is obliged to accept your statement of tips and to take the full amount into account.

Furthermore, under the *Act respecting labour standards*, tips are the exclusive property of the employee who receives them. Where there is a tip-sharing arrangement, the tips belong to the employees concerned. Your employer cannot, under any circumstances, require you to pay credit card costs.

How should I report my tips?

Record your tips in the booklet *Register and Statement of Tips* (TP-1019.4-V) or in an equivalent document and sign it. The booklet is available on our website at www.revenuquebec.ca. You can also obtain a copy by calling one of the numbers on the back of this publication.

For each pay period, you must complete one of the statements contained in the booklet (or an equivalent document), sign your statement and give it to your employer. Your signature certifies that the information you have provided is accurate. Keep your copy of the statement so that you have a record of the information your employer is required to provide us. Remember that, by law, tips are like any other income and must be reported.

How should I calculate my sales and tips?

You should calculate your sales and tips for the day as follows:

Calculation of your sales

Your sales include:

- any sale (before taxes) made during the day, for which you received a tip in cash, whether the bill was paid in cash or by credit or debit card;
- any sale (before taxes) made previously, for which the tip was remitted to you during the day. In this case, the bill (including tip) was paid by credit or debit card, and the sale was recorded only when the employer received the amount corresponding to the transaction.

Calculation of your tips

Your tips include:

- all the tips you receive directly from customers during the day;
- the tips you receive under a tip-sharing arrangement managed by employees;
- the tips you received during the day on sales made previously where the bill (including tip) was paid by credit or debit card and the amount corresponding to the transaction was received during the day.

Example

Statement of sales and tips for April 21, 2016

Employee's sales (cash, credit card or debit card) before taxes, for which tips in cash were received during the day		\$600.00
Employee's previous sales (credit card or debit card) before taxes, for which tips were received during the day	+	\$60.00
Total sales		\$660.00
Tips in cash received during the day for the employee's sales for the day		\$88.20
Tips received during the day for the employee's previous sales (credit card or debit card)	+	\$7.00
Other tips received by the employee (as a doorman, car attendant, hotel valet, etc.)	+	\$15.10
Tips received from other employees (under a tip-sharing arrangement managed by employees)	+	\$5.25
Tips remitted to other employees (under a tip-sharing arrangement managed by employees)	-	\$16.00
Employee's net tips		\$99.55



Is it true that I may choose to report only 8% of my sales as tips?

No. You must report all your tips. However, if the amount of tips represents less than 8% of the sales (before taxes), the allocation rule applies. Under this rule, a minimum tip rate of 8% must be allocated¹ to each employee for tippable sales he or she made for each pay period. This does not apply to sales of food or beverages for consumption elsewhere than on the premises, such as food sold at a takeout counter or food that is delivered. If you report tips equal to 6% of your sales, your employer must allocate an additional amount of tips representing 2% of your sales, so that your tips equal 8% of your sales. Allocation of this percentage or the difference must be determined on the basis of the amount of tips you reported before any distribution of tips to co-workers.

The 8% rule does not apply to all employees. For example, it does not apply to employees who do not make sales (delivery persons, doormen, porters, etc.) but who do receive tips that must be reported.

1. For example, if you receive tips equal to 15% of your sales, you must report the total amount received, not just tips equal to 8% of your sales.

What should I do if my tips often represent less than 8% of my sales?

In some cases, the 8% allocation rate may be too high. Your employer can ask us to reduce the allocation rate for a period in the year if the tips given in his or her establishment (or the tips for a particular type of sale) frequently represent less than 8% of sales. If your employer does not wish to ask us for a rate reduction, you can do so yourself, provided the request is signed by a majority of the employees of the establishment or a majority of the employees who are responsible for that particular type of sales.

Form TP-42.15-V, *Request for a Reduction in the Allocation Rate*, should be used for this purpose. This form is available online at www.revenuquebec.ca. You can also obtain a copy by calling one of the numbers on the back of this publication.

What establishments and means of transportation are covered by the measures respecting tips?

The measures apply to the following types of establishments and means of transportation:

- establishments that are specially laid out to ordinarily provide accommodation or food, or both, in return for payment (except establishments where payment is made on a weekly or monthly basis);
- establishments where alcoholic beverages are sold for consumption on the premises;
- buses, trains and boats on which meals and alcoholic beverages are served; and
- businesses (such as caterers) that sell, deliver and serve meals for consumption elsewhere than on the premises.

What establishments are not covered by the measures respecting tips?

The measures do not apply to cafeterias or to educational institutions, hospital institutions, shelters or charities that provide food and beverages on an irregular basis. Also excluded are fast-food outlets in which the employees do not ordinarily receive tips.

Compliance with these measures helps to ensure the fairness of our taxation system and equitable access to social programs.

For further information on the measures respecting tips, contact us or the Commission des normes, de l'équité, de la santé et de la sécurité du travail.



This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Taxation Act* or any other legislation.

TO CONTACT US

Online

www.revenuquebec.ca



By telephone

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City 418 659-6299	Montréal 514 864-6299	Elsewhere 1 800 267-6299 (toll-free)
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Businesses, employers and agents for consumption taxes

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

Québec City 418 659-4692	Montréal 514 873-4692	Elsewhere 1 800 567-4692 (toll-free)
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Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City 418 652-6159	Elsewhere 1 800 827-6159 (toll-free)
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Individuals with a hearing impairment

Montréal 514 873-4455	Elsewhere 1 800 361-3795 (toll-free)
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By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale
des relations avec
la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
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Québec City and other regions

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Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

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Québec City and other regions

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Complaints – Bureau de la protection des droits de la clientèle

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