Wednesday, October 22, 2025

Department of Treasury
Internal Revenue Service
P.O. Box 7604, Ben Franklin Station
Washington, DC 20044

To Whom It May Concern:

The Culinary Union supports tax relief for tipped workers and the IRS must develop pro-worker rules for the new tax policy to make sure it benefits working-class taxpayers as promised. Many Culinary Union members rely on tips as a core component of their income, and the success of this policy depends on rules that give them the relief they deserve.

Many workers in Nevada are already covered by the Gaming Industry Tip Compliance Agreement (GITCA), which helps simplify reporting and provide audit protection. The regulations must allow workers operating under GITCA to opt into the deduction based on their designated tip rates. The audit protections and streamlined reporting currently provided by these programs should remain intact.

Automatic gratuities and suggested tips must be treated as eligible tip income. In the hospitality industry, automatic gratuities are standard practice. For workers, there is no difference between auto-grats and tips left at customer discretion. The rules must affirm that these amounts are eligible for the deduction to fulfill the President's promise and the legislative intent of this policy.

The IRS must ensure that no taxes on tips does not include a marriage penalty. The statute caps the deduction at $25,000 but does not explicitly double the cap for joint filers. The IRS Proposed Regulations currently state that married couples get only one $25K deduction per return. The Treasury/IRS should allow $25,000 per individual on a joint return (effectively up to $50,000). A restrictive joint cap would disincentivize marriage, unfairly punish couples in tipped occupations, and is not in line with legislative intent.

A significant number of Culinary Union members file taxes using an ITIN. The statute allows the deduction for joint returns where the taxpayer includes a Social Security Number, regardless of the spouse's filing ID. The IRS should not impose a requirement that both spouses use SSNs.

The statute limits eligibility to "occupations which customarily and regularly received tips" as of December 31, 2024. The occupations designed by the Treasury and IRS as eligible for no taxes on tips appropriately captured traditional tipped occupations. None of these occupations should be cut from the final rule.

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The regulations should permit or require withholding adjustments as soon as possible so that tipped workers see immediate relief. Delaying implementation weakens the benefit and undercuts the intention of Congress to ease tax burdens for service workers at a time where the hospitality industry in Nevada is already struggling.

The Culinary Union is committed to working collaboratively with Treasury and the IRS. Culinary Union members have earned this relief, but this program must be done right.

The Culinary Union will continue to fight to make no taxes on tips permanent, but the recommendations in this letter would have a tangible impact on thousands of Nevadan’s lives.

Sincerely,

Ted Pappageorge
Secretary-Treasurer
Culinary Workers Union Local 226

Diana Valles
President
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