

118TH CONGRESS
2D SESSION

S. 4621

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 SENATE OF THE UNITED STATES

JUNE 20, 2024

Mr. CRUZ (for himself, Mr. DAINES, Mr. CRAMER, and Mr. SCOTT of Florida) introduced the following bill; which was read twice and referred to the Committee on Finance

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
9 of 1986 is amended by redesignating section 224 as

1 section 225 and by inserting after section 223 the
 2 following new section:

3 **“SEC. 224. CASH TIPS.**

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

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

“Sec. 224. Cash tips.”.

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

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

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

23 (1) DEDUCTION NOT TREATED AS A MISCELLA-
 24 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the
 25 Internal Revenue Code of 1986 is amended by strik-

1 ing “and” at the end of paragraph (11), by striking
2 the period at the end of paragraph (12) and insert-
3 ing “, and”, and by adding at the end the following
4 new paragraph:

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

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

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

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

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

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