FICA Tip Credit (IRC §45B) – Eligible Industries Overview

The FICA Tip Credit (Internal Revenue Code §45B) allows employers to claim an income tax credit equal to the employer's share of FICA taxes (7.65%) paid on employee tips that exceed the federal minimum wage of $5.15/hour. This credit primarily benefits businesses where employees receive tips for providing, delivering, or serving food and beverages.

■ **Commonly Eligible Industries**

Industry	Example Employers	Notes
Full-Service Restaurants	Bistros, fine dining, casual dining	Waitstaff and bartenders typically receive reportable tips.
Bars & Nightclubs	Bars, lounges, clubs	Bartenders and cocktail servers earn tips on beverage service.
Hotels & Resorts	Food & Bev restaurants,	banquets, beverage departments qualify.
Catering Companies	Event and banquet caterers	Tips or service charges from events may qualify.
Country Clubs & Golf Clubs	Dining and event services	Tips from food/beverage service count.
Casinos & Cruise Lines	Casino restaurants, shipboard	Food & beverage portion only; gaming tips excluded.
Event Venues	Wedding/event facilities	Tips from serving food/beverages qualify.

■ **Typically Not Eligible:**
Hair salons, spas, barbers, retail stores, and non-food delivery or service businesses do not qualify because their tips are not related to food or beverage service.

Summary:
Employers in the food and beverage sector who pay FICA taxes on employees' reported tips can often claim thousands of dollars in annual tax savings under IRC §45B. Use IRS Form 8846 to claim the credit, which flows to Form 3800 (General Business Credit).

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