

REVENU QUÉBEC

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# Register and Statement of Tips



Québec 



## Tax measures concerning tips

Since January 1, 1998, employees in the restaurant and hotel sector who receive tips directly or indirectly in the course of their duties have been required to report the tips to their employer, in writing, at the end of each pay period. This requirement not only ensures that employees in this sector fulfil their fiscal obligations, but also allows them to obtain employment-related benefits that are based on their total remuneration (regular wages and tips).

### 1. Reporting of tips

Under this measure, any employee who works in a regulated establishment and who receives tips directly or indirectly in the course of his or her duties must, as of January 1, 1998, report the tips to his or her employer by means of a written statement. The term *regulated establishment* is defined on page 3.

In the statement of tips, which is to be submitted **at the end of each pay period**, the employee must report all tips received on tippable sales, with the exception

of sales of food or beverages intended for consumption elsewhere than on the premises of the regulated establishment (for example, sales made at a take-out counter and deliveries). The employee must also report all tips that are not related to tippable sales (for example, tips received by a hotel valet, doorman, car attendant, porter or cloakroom attendant). Tips are to be reported on the enclosed form, *Register and Statement of Tips* (form TP-1019.4-V), or an equivalent document. The form (or equivalent document) must be signed and submitted to the employer at the end of each pay period.

The employer requires this statement in order to take into account, in the calculation of source deductions, all tips received by the employee during the pay period (in addition to the employee's regular wages), as well as tips allocated by the employer. However, if the employer is unable to calculate the amount of source deductions to be withheld from the tips reported by the employee, given the information available when the employee's pay is determined and the time required to

do the calculation, the calculation may be done in the following pay period.

**The employee is not required to report, in his or her statement, tips received during the pay period that are controlled by the employer (as in the case of service charges added to the customer's bill).**

### 2. Tip-allocation mechanism

Under the tip-allocation mechanism, where the amount of tips reported by an employee is less than 8% of the employee's tippable sales, the employer is required to allocate to the employee the difference between the amount corresponding to this percentage and the total of the following amounts:

- the amount of tips on tippable sales reported by the employee; and
- the amount of tips administered by the employer, where these tips represent less than 90% of the tips received directly or indirectly by the employee.

The amount to be allocated to the employee must be calculated for each pay period on the *Register and Statement of Tips* (TP-1019.4-V) or an equivalent document. Please note that the 8% rate to be used in calculating this amount, as provided for in the *Taxation Act*, may, in some cases, be reduced by Revenu Québec further to a request. See “Reduction in the allocation rate” below.

Tippable sales are sales in a regulated establishment that, in keeping with the prevailing custom in Québec, are likely to entail tipping by the customer. Such sales, however, do not include sales of food or beverages for consumption elsewhere than on the premises of the regulated establishment (for example, sales made at a take-out counter and deliveries).

Employees (such as hotel valets, doormen, car attendants and porters) who do not make tippable sales in a pay period are not subject to the tip-allocation mechanism. Other employees may also be excluded from the application of this mechanism; for further details, see point 2 on page 4.

As a rule, tips are to be allocated at the end of the pay period, when the employer pays the employee. However, tips may also be allocated during the following pay period if the employer is unable to allocate tips, given the information available when the employee’s pay is determined and the time required to do the calculation.

If the employer administers the tip-sharing arrangement, the employer has the information necessary to determine whether an amount of tips must be allocated to an employee. The employee, however, is still required to give the employer a written statement of the amount of tips he or she received using form TP-1019.4-V or an equivalent document.

If the employees administer the tip-sharing arrangement, they are required to give the employer a written statement of the amount of tips received using form TP-1019.4-V or an equivalent document.

Tips allocated by the employer at the end of each pay period must be included in calculating the following amounts:

- source deductions of Québec income tax and contributions to the Québec pension plan (QPP), but not source deductions of federal income tax;
- the contribution to the health services fund;
- the contribution to the financing of the Commission des normes du travail (CNT);
- the contribution to the Fonds national de formation de la main-d’oeuvre;
- the contribution to the CSST, for pay periods beginning on or after January 1, 2000.

### **Reduction in the allocation rate**

It is possible to ask Revenu Québec for a reduction in the allocation rate with regard to a regulated establishment or a type of sale made at a regulated establishment. However, a rate reduction cannot be requested with regard to a single employee, unless he or she is the only employee of the establishment or the only employee who makes a particular type of sale at the

establishment. If granted, the reduction applies to at least two pay periods.

## Information

Employees must complete the **register of tips** every week, in order to determine the amounts to report to their employer at the end of each pay period.

In addition, employees who receive tips directly or indirectly in the course of carrying out duties in a regulated establishment must complete the **statement of tips** at the end of each pay period. Where a portion of an employee's tips is controlled by the employer, the employee is not required to complete the statement of tips with regard to that portion, but must complete the statement with regard to all other tips.

A regulated establishment is

- a place situated in Québec that is specially laid out to ordinarily provide accommodation or food, or both, in return for payment;
- a place situated in Québec where alcoholic beverages are sold for consumption on the premises;

- a railway train or a vessel, operated in connection with a business carried on almost entirely (90% or more) in Québec, and on which food or beverages are served; or
- a place situated in Québec where meals for consumption elsewhere than on the premises are sold, provided the meals are delivered or served by the employer's personnel in connection with the carrying on of a business.

Employees who work in one of the following establishments are not required to complete a statement of tips:

- a place situated in Québec where mainly accommodation or food, or both, are provided by the week, month or year in return for payment;
- a place operated by an educational institution, a hospital institution, a shelter for needy persons or victims of violence, or any similar establishment;
- a place operated by a charity or a similar organization, where food and beverages are occasionally served;

- a cafeteria;
- a fast-food outlet in which the employees do not ordinarily receive tips from the majority of customers.

The employee's statement must be completed at the end of each pay period, signed, and remitted to the employer.

## Instructions

1. Complete the "Register of tips" section in order to report your tips for the week. Follow the instructions given below for each day you work.
  - Enter the date of the day concerned.
  - In column A, enter the amount of your sales, that is, the sales made on the day concerned for which a tip in cash was given to you, and the transactions made by credit or debit card for which a tip in cash was paid to you out of the cash register.

You must also include the sales you made previously, for which a tip was remitted to you on the day con-

cerned, as well as the transactions made by credit or debit card that were billed directly to the customer but recorded only when the employer received the amount corresponding to the transaction (in this case, the tip is considered to have been remitted to you at the time the amount of the transaction was received by the employer). It should be noted that sales made by a delivery person or at a take-out counter do not have to be reported.

- In column B, enter the amount of tips you received on the day concerned for the sales included in column A, **after subtracting** the costs that you are required to defray respecting the use of a credit card.
- In column C, enter the amount of the other tips that you received on the day concerned (for example, tips you earned as a hotel valet, doorman, car attendant, cloakroom attendant, delivery person or porter), **other** than the tips covered in column D.
- In column D, enter the amount of tips you received from other employees, under a tip-sharing arrangement administered by the employees.

- In column E, enter the amount of tips you remitted to other employees, under a tip-sharing arrangement administered by the employees.
- In column F, enter the amount of tips taken into account in the calculation of source deductions. Add the amounts in columns B, C and D and subtract the amount in column E from the result obtained.
- On the line "Amount brought forward," enter the data from the previous week. These figures must be entered so that you have the data for the entire pay period.

2. Complete the "Employee's statement" section for each pay period, using the data from the register of tips.

Your tips must be reported to your employer at the end of each pay period, so that the employer can calculate the various source deductions to be made with respect to your wages and tips, and can enter on your RL-1 slip the total amount of tips that you received or that were allocated to you during the

year. An amount can be allocated to you if your tips for the pay period (column B) represent less than 8% of your tippable sales. However, no amount can be allocated to you if you are in any of the following situations:

- Substantially all (90% or more) of your tips come from a redistribution of the tips received by the other employees of the establishment.
- You work as a cloakroom attendant.
- Your employer is a corporation, and you hold (or are the spouse of an employee who holds) over 40% of the corporation's voting shares at the end of the pay period.
- The employer is an individual, and you are the employer's spouse.
- Substantially all (90% or more) of the tips that you receive, directly or indirectly, are paid by the customers of the regulated establishment, and the following conditions are met:
  - The service charges are mandatory and the customer is informed of this fact. What is more, the service charges represent at least 10% of the amount of tippable sales.

- The tip-sharing arrangement, if there is one, is administered by the employer.
3. Sign the "Employee's statement" section, and indicate your principal duty and your social insurance number. Submit the statement to your employer at the end of the pay period.
  4. At the end of each pay period, add the amounts in each column and carry the total of columns A, B and F to the summary of sales and tips that includes the pay period concerned (you will find four such summaries at the end of the register).
  5. At the end of the year, complete the annual summary of sales and tips to verify the accuracy of the amounts entered in the boxes of the RL-1 slips.
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### Example

William works as a waiter in a restaurant. His pay period, which is seven days long, begins on Sunday.

William must complete the register and statement of tips as shown in the example on the following page.



## Register of Tips

Date	Employee's sales	Tips received by the employee for the sales included in column A*	Other tips received by the employee (other than tips covered in column D)	Tip-sharing arrangement		Tips included in the calculation of source deductions (B + C + D - E)
				Tips received from other employees	Tips remitted to other employees	
	A	B	C	D	E	F
02	660 00	106 20	15 10		16 00	105 30
04	200 00	38 50		5 25		43 75
06	518 00	76 80			10 50	66 30
07	598 00	76 20				76 20
08	810 00	119 30		10 50	20 30	109 50
Amount brought forward**						
<b>TOTAL</b>	<b>2 786 00</b>	<b>417 00</b>	<b>15 10</b>	<b>15 75</b>	<b>46 80</b>	<b>401 05</b>

\* The tips entered in column B are used to calculate the amount to be allocated, if any.

\*\* Enter on this line the data from the previous week in order to show data for the entire pay period.

Employee's copy

Legal last name and first name of employee

*Fraser William*

Pay period

from 20060402 to 20060408

### Employee's statement

Tips received by the employee for the sales included in column A (column B)	+	417 00 <sub>1</sub>
Other tips received by the employee (column C)	+	15 10 <sub>2</sub>
Tips received from other employees (column D)	+	15 75 <sub>3</sub>
Tips remitted to other employees (column E)	+	46 80 <sub>4</sub>
<b>Net tips received by the employee</b> (lines 1 + 2 + 3 - 4) =		<b>401 05<sub>5</sub></b>

*William Fraser*

*waiter*

Employee's signature

Principal function

2006-04-13    999 999 999

Date

Social insurance number





# Summaries





# Summary of sales and tips for the period from April 1 to June 30

Pay period	Employee's sales	Tips received by the employee for the sales	Tips included in the calculation of source deductions
	Column A	Column B	Column F
From to			
From to			
From to			
From to			
From to			
From to			
From to			
From to			
From to			













# Annual summary of sales and tips

Year: \_\_\_\_\_

	Column A	Column B	Column F
Total for the first quarter			
Total for the second quarter			
Total for the third quarter			
Total for the fourth quarter			
<b>Grand total for the year</b>			

The total from column B must be used to calculate, where applicable, the amount to be allocated as tips by the employer. Allocated tips are shown on the employee's RL-1 slip.

The total from column F must correspond to the total amount of tips indicated by the employer on the employee's RL-1 slip. The employee must report this amount on his or her income tax return.

## Excellent service at all our offices

TP-1019.4-V  
2006-04

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**Longueuil** Place-Longueuil, 825, rue Saint-Laurent Ouest, Longueuil (Québec) J4K 5K5

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- Complexe Desjardins, C. P. 3000, succursale Desjardins, Montréal (Québec) H5B 1A4
- Village Olympique, pyramide Est, 5199, rue Sherbrooke Est, bureau 4000, Montréal (Québec) H1T 4C2
- Les Galeries Saint-Laurent, 2215, boulevard Marcel-Laurin, Saint-Laurent (Québec) H4R 1K4

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- 200, rue Dorchester, Québec (Québec) G1K 5Z1

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**Rouyn-Noranda** 19, rue Perreault Ouest, RC, Rouyn-Noranda (Québec) J9X 6N5

**Saint-Jean-sur-Richelieu** 855, boulevard Industriel, Saint-Jean-sur-Richelieu (Québec) J3B 7Y7

**Sept-Îles** 391, avenue Brochu, bureau 1.04, Sept-Îles (Québec) G4R 4S7

**Sherbrooke** 2665, rue King Ouest, 4<sup>e</sup> étage, Sherbrooke (Québec) J1L 2H5

**Sorel-Tracy** 101, rue du Roi, Sorel-Tracy (Québec) J3P 4N1

**Trois-Rivières** 225, rue des Forges, bureau 400, Trois-Rivières (Québec) G9A 2G7

### **Information concerning individuals and individuals in business**

Québec City area: 418 659-6299

Montréal area: 514 864-6299

Toll-free: 1 800 267-6299

### **Information concerning businesses, employers and consumption taxes**

Québec City area: 418 659-4692

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