



No Tax on Tips: Update Your Earning Codes

The One Big Beautiful Bill Act (OBBBA) provision “No Tax on Tips” requires mandatory changes to Earning Codes in MyFrankCrum (MFC). Please read the message below and take action right away, as failure to select the correct earning codes may affect your employee tax benefit.

Action Required

- **Online Time Entry:** If you submit your time entry online via MFC, please update your time entry template to the relevant new earning codes below. Note: Your view may not include all options, but only those associated with your business.

[Click here for instructions on updating your MFC Payroll Template](#)

- **Spreadsheet Time Entry or UKG:** Please reach out to your Payroll Coordinator for assistance.

New Earning Codes

Note: If you have been using the earning code “GRAT/GRATT,” you must input new codes as these will soon be inactive.

I. Qualified Codes:

TIPCC – Credit Card Tips

TIPS – Cash Tips

- **What it includes:** Voluntary tips paid by customers
- **Tax treatment:** Eligible for the new "No Tax on Tips" deduction (up to \$25,000 annually for eligible employees)
- **Examples:**
 - Customer adds \$10 tip on credit card receipt
 - Tips added through mobile payment apps
 - Tips distributed through tip pools/sharing arrangements

II. Non-Qualified Codes:

SRCHG – Credit Card/Check Service Charge

SCHRG – Cash Service Charge

- **What it includes:** Mandatory or automatic gratuities added by the establishment

- **Tax treatment:** Treated as regular taxable wages; NOT eligible for the tips deduction
- **Examples:**
 - Automatic 18% gratuity for parties of 6 or more
 - Mandatory service charges for banquets/private events
 - Required delivery fees distributed to staff
 - Any gratuity not left to customer's discretion

If you would like to learn more about the No Tax on Tips provision or share a resource with your employees, you may download the guides below.

[Download The Employer Guide to No Tax on Tips](#)

[Download The Employee Guide to No Tax on Tips](#)