



NO TAX ON TIPS UPDATE

What is “No Tax on Tips?”

“No Tax on Tips” is a provision of the recently passed One Big Beautiful Bill Act (“OBBBA”). It is a federal income tax deduction that can be claimed by an employee for tax years 2025 through 2028.

How much is the deduction?

The OBBBA allows for a deduction of up to \$25,000.00 for “qualified tips.”

What are “Qualified Tips?”

Qualified tips include voluntary tips received by an individual in an occupation that customarily and regularly received tips prior to the enactment of the OBBBA. The tip must be paid voluntarily. It cannot be a mandatory service charge or auto-gratuity.

What jobs qualify for the deduction?

There are eight occupation categories that qualify for the deduction. The eight general categories are as follows:

- Beverage and Food Service
- Entertainment and Events
- Hospitality and Guest Services
- Home Services
- Personal Services
- Personal Appearance and Wellness
- Recreation and Instruction
- Transportation and Delivery

The Treasury Department’s official list of occupations is attached and marked as Exhibit A for identification purposes.

What does the client of Southeast Personnel Leasing, Inc. (“SPLI”) need to do to assist leased employees with this deduction?

The client will:

- Continue to collect tip information from leased employees for the period of 01/01/2025 through the present.
- Continue to report leased employee tip information to SPLI.

- Collect the names, applicable Treasury tipped occupation code, and the total amount of qualified tips received by each eligible leased employee during the employee's employment with SPLI from 01/01/2025 through the present.
- Confirm this information when contacted by SPLI at the end of the year.

What is SPLI's role?

SPLI will:

- Continue to withhold federal income, social security, and Medicare taxes for all leased employees.

What does a leased employee need to do to claim the deduction?

SPLI recommends that the employee refer to their last paystub with a check date of 2025 for the year-to-date totals for overtime and reported tips as they will not be listed on 2025 Form W-2.

NO TAX ON OT UPDATE

What is "No Tax on OT?"

"No Tax on OT" is a provision of the recently passed One Big Beautiful Bill Act ("OBBBA"). It is a federal income tax deduction that can be claimed by an employee for tax years 2025 through 2028.

How much is the deduction?

The OBBBA allows for a deduction of up to \$12,500.00 per employee (\$25,000.00 if married) for "qualified overtime compensation."

What is "Qualified Overtime Compensation?"

Qualified overtime compensation is overtime paid under the Fair Labor Standards Act ("FLSA"). This is overtime for time worked over 40 hours a week.

Other forms of premium or overtime pay, such as where state law overtime requirements exceed those of the FLSA, are not qualified overtime compensation.

What portion of FLSA overtime qualifies for the deduction?

Only compensation more than the regular rate is included in the deduction. For example, if an employee's regular rate of pay is \$10.00 per hour and \$15.00 per hour for overtime, only \$5.00 of the overtime rate of pay will qualify for the deduction.

What does the client of Southeast Personnel Leasing, Inc. ("SPLI") need to do to assist leased employees with this deduction?

The client will:

- Continue to report to SPLI all overtime paid to leased employees for the period of 01/01/2025 through the present.

NO TAX ON TIPS UPDATE

NO TAX ON OT UPDATE

01/16/2026

Page 2 of 4

- Track and calculate the qualified FLSA overtime paid to leased employees during each employee's employment with SPLI from 01/01/2025 through the present.
- Confirm this information when contacted by SPLI at the end of the year.

What is SPLI's role?

SPLI will:

- Continue to withhold federal income, social security, and Medicare taxes for all leased employees.

What does a leased employee need to do to claim the deduction?

SPLI recommends that the employee refer to their last paystub with a check date of 2025 for the year-to-date totals for overtime and reported tips as they will not be listed on 2025 Form W-2.

EXHIBIT A

OCCUPATIONS THAT CUSTOMARILY AND REGULARLY RECEIVED TIPS ON OR BEFORE DECEMBER 31, 2024

Occupations That Customarily and Regularly Received Tips on or Before December 31, 2024

Set forth below is a preliminary list of occupations that customarily and regularly received tips on or before December 31, 2024, for purposes of the “no tax on tips” provision of the One, Big, Beautiful Bill Act (OBBA Act). The official proposed list of such occupations will be published in the Federal Register as part of forthcoming proposed regulations from the Treasury Department (Treasury) and the Internal Revenue Service (IRS). Treasury and the IRS anticipate that the official proposed list will be substantially the same as this preliminary list. Public comments will be requested on the official proposed list of occupations and other aspects of the proposed regulations.

In addition to requiring that qualified tips must be received in an occupation that customarily and regularly received tips on or before December 31, 2024, the OBBA Act provides that tips do not qualify for the deduction if they are received in the course of certain specified trades or businesses -- including the fields of health, performing arts, and athletics. Treasury and the IRS anticipate issuing additional guidance on the types of occupations and trades or businesses that are subject to this carve-out.

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s) ¹
Beverage & Food Service				
101	Bartenders	Mix and serve drinks to patrons, directly or through waitstaff.	Barkeep, mixologist, taproom attendant, sommelier	35-3011
102	Wait Staff	Take orders and serve food and beverages to patrons at tables in dining establishment.	Cocktail waitress, dining car server	35-3031
103	Food Servers, Nonrestaurant	Serve food to individuals outside of a restaurant environment, such as in hotel rooms, residential care facilities, or cars.	Room service food server, boat hop, beer cart server	35-3041

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
104	Dining Room and Cafeteria Attendants and Bartender Helpers	Facilitate food service. Clean tables; remove dirty dishes; replace soiled table linens; set tables; replenish supply of clean linens, silverware, glassware, and dishes; supply service bar with food; and serve items such as water, condiments, and coffee to patrons.	Bar back, bar helper, busser	35-9011
105	Chefs and Cooks	Direct and may participate in the preparation, seasoning, and cooking of salads, soups, fish, meats, vegetables, desserts, or other foods.	Executive chef, pastry chef, sous chef, fast food cook, private chef, restaurant cook, saucier, food truck cook, banquet cook, caterer	35-1011, 35-2011, 35-2013, 35-2014, 35-2019
106	Food Preparation Workers	Perform a variety of food preparation duties other than cooking, such as preparing cold foods and shellfish, slicing meat, and brewing coffee or tea.	Salad maker, sandwich maker, fruit and vegetable parer, kitchen steward	35-1012, 35-2021, 35-9099
107	Fast Food and Counter Workers	Serve customers at counter or from a steam table. Perform duties such as taking orders and serving food and beverages. May take payment. May prepare food and beverages.	Barista, ice cream server, cafeteria server	35-3023
108	Dishwashers	Clean dishes, kitchen, food preparation equipment, or utensils.	Dish room worker, silverware cleaner	35-9021
109	Host Staff, Restaurant, Lounge, and Coffee Shop	Welcome patrons, seat them at tables or in lounge, and help ensure quality of facilities and service.	Maître d'hôtel, dining room host	35-9031
110	Bakers	Mix and bake ingredients to produce breads, rolls, cookies, cakes, pies, pastries, or other baked goods.	Bread baker, cake baker, bagel baker, pastry finisher	51-3011

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s) ¹
Entertainment & Events				
201	Gambling Dealers	Operate gambling games. Stand or sit behind table and operate games of chance by dispensing the appropriate number of cards or blocks to players, or operating other gambling equipment. Distribute winnings or collect players' money or chips. May compare the house's hand against players' hands.	Blackjack dealer, craps dealer, poker dealer, roulette dealer, pit clerk	39-3011, 39-1013, 39-3013
202	Gambling Change Persons and Booth Cashiers	Exchange coins, tokens, and chips for patrons' money. May issue payoffs and obtain customer's signature on receipt. May operate a booth in the slot machine area and furnish change persons with money bank at the start of the shift, or count and audit money in drawers.	Slot attendant, mutuel teller	41-2012
203	Gambling Cage Workers	In a gambling establishment, conduct financial transactions for patrons. Accept patron's credit application and verify credit references to provide check-cashing authorization or to establish house credit accounts. May reconcile daily summaries of transactions to balance books. May sell gambling chips, tokens, or tickets to patrons, or to other workers for resale to patrons. May convert gambling chips, tokens, or tickets to currency upon patron's request. May use a cash register or computer to record transaction.	Casino cashier, cage cashier	43-3041

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
204	Gambling and Sports Book Writers and Runners	Post information enabling patrons to wager on various races and sporting events. Assist in the operation of games such as keno and bingo. May operate random number-generating equipment and announce the numbers for patrons. Receive, verify, and record patrons' wagers. Scan and process winning tickets presented by patrons and pay out winnings for those wagers.	Betting runner, bingo worker, keno runner, race book writer	39-3012
205	Dancers	Perform dances.	Club dancer, dance artist	27-2031
206	Musicians and Singers	Play one or more musical instruments or sing.	Instrumentalist, accompanist, lounge singer	27-2042
207	Disc Jockeys, Except Radio	Play prerecorded music for live audiences at venues or events such as clubs, parties, or wedding receptions. May use techniques such as mixing, cutting, or sampling to manipulate recordings. May also perform as emcee (master of ceremonies).	Deejay, club DJ	27-2091
208	Entertainers and Performers	Entertain audiences with artistic expression.	Comedian, clown, magician, street performer	27-2099
209	Digital Content Creators	Produce and publish on digital platforms original entertainment or personality-driven content, such as live streams, short-form videos, or podcasts.	Streamer, online video creator, social media influencer, podcaster	27-2099

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
210	Ushers, Lobby Attendants, and TicketTakers	Assist patrons at entertainment events by performing duties, such as collecting admission tickets and passes from patrons, assisting in finding seats, searching for lost articles, and helping patrons locate such facilities as restrooms and telephones.	Ticket collector, theater usher	39-3031
211	Locker Room, Coatroom, and Dressing Room Attendants	Provide personal items to patrons or customers in locker rooms, dressing rooms, or coatrooms.	Coat checker, washroom attendant, bathhouse attendant	39-3093
Hospitality & Guest Services				
301	Baggage Porters and Bellhops	Handle baggage for travelers at transportation terminals or for guests at hotels or similar establishments.	Hotel baggage handler, curbside airport check-in assistant	39-6011
302	Concierges	Assist patrons at hotel or apartment buildings with personal services. May take messages; arrange or give advice on transportation, business services, or entertainment; or monitor guest requests for housekeeping and maintenance.	Hotel guest service agent, activities concierge	39-6012

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
303	Hotel, Motel, and Resort Desk Clerks	Accommodate hotel, motel, and resort patrons by registering and assigning rooms to guests, issuing room keys or cards, transmitting and receiving messages, keeping records of occupied rooms and guests' accounts, making and confirming reservations, and presenting statements to and collecting payments from departing guests.	Front desk clerk, registration clerk	43-4081
304	Maids and Housekeeping Cleaners	Perform any combination of light cleaning duties to maintain commercial establishments, such as hotels, in a clean and orderly manner. Duties may include making beds, replenishing linens, cleaning rooms and halls, and vacuuming.	Hotel maid, housekeeping staff	37-2012
Home Services				
401	Home Maintenance and Repair Workers	Perform work to keep machines, mechanical equipment, or the structure of a building in repair.	Handyman, roofer, window repairer, house painter (interior or exterior), flooring installer	49-9071, 49-9098, 49-9099
402	Home Landscaping and Groundskeeping Workers	Landscape or maintain grounds of property using hand or power tools or equipment. Workers typically perform a variety of tasks, which may include any combination of the following: sod laying, mowing, trimming, planting, watering, fertilizing, digging, raking, sprinkler installation, and installation of mortarless segmental concrete masonry wall units.	Lawn mower, gardener, tree trimmer, weed sprayer	37-3011

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
403	Home Electricians	Install, maintain, and repair electrical wiring, equipment, and fixtures. Ensure that work is in accordance with relevant codes. May install or service exterior lights, intercom systems, or electrical control systems.	Electrician	47-2111
404	Home Plumbers	Assemble, install, alter, and repair pipelines or pipe systems that carry water, steam, air, or other liquids or gases. May install heating and cooling equipment and mechanical control systems.	Plumber, pipefitter, steamfitter, sprinkler installer	47-2152
405	Home Heating and Air Conditioning Mechanics and Installers	Install or repair heating, central air conditioning, HVAC, or refrigeration systems, including oil burners, hot-air furnaces, and heating stoves.	Air conditioning repairer, heating system installer, chimney sweep	49-9021
406	Home Appliance Installers and Repairers	Repair, adjust, or install all types of electric or gas household appliances, such as refrigerators, washers, dryers, and ovens.	Washing machine installer, dishwasher repairer	49-9031
407	Home Cleaning Service Workers	Perform any combination of light cleaning duties to maintain private households in a clean and orderly manner. Duties may include making beds, replenishing linens, cleaning rooms and halls, and vacuuming.	House cleaner, pool cleaner, carpet cleaner, window washer	37-2012
408	Locksmiths	Repair and open locks, make keys, change locks and safe combinations, and install and repair safes.	Safe installer, key maker	49-9094

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s) ¹
409	Roadside Assistance Workers	Provide on-road assistance to drivers whose vehicles have broken down.	Tow truck driver, car battery technician, tire repairer, tire changer, car fuel deliverer	49-3023, 53-3032
Personal Services				
501	Personal Care and Service Workers	Provide personalized assistance to individuals with disabilities or illness who require help with personal care and activities of daily living support (e.g., feeding, bathing, dressing, grooming, toileting, and ambulation). May also provide help with tasks such as preparing meals, doing light housekeeping, and doing laundry. Work is performed in various settings depending on the needs of the care recipient and may include locations such as their home, place of work, out in the community, or at a daytime nonresidential facility.	Elderly companion, personal care aide, butler, house sitter, personal valet	31-1122, 39-9099
502	Private Event Planners	Coordinate activities of staff or clients to make arrangements for private events.	Wedding planner, party planner	13-1121
503	Private Event and Portrait Photographers	Photograph people, landscapes, or other subjects. May use lighting equipment to enhance a subject's appearance. May use editing software to produce finished images and prints.	Wedding photographer, headshot photographer	27-4021
504	Private Event Videographers	Operate video or film camera to record images or scenes of private events.	Wedding videographer	27-4031

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
505	Event Officials	Lead and facilitate the ceremony for life events such as weddings or funerals. Ceremonies may be religious or civil services.	Wedding officiant, funeral celebrant, clergy, vow renewal officiant	21-2010
506	Pet Caretakers	Feed, water, groom, bathe, exercise, or otherwise provide care to promote and maintain the well-being of pets.	Pet groomer, pet sitter, pet walker, kennel worker, pet trainer	39-2021
507	Tutors	Instruct individual students or small groups of students in academic subjects to supplement formal class instruction or to prepare students for standardized or admissions tests.	Reading tutor, math tutor, language tutor	25-3041
508	Nannies and Babysitters	Attend to children at businesses and private households. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play.	Au pair, child sitter at hotels and gyms	39-9011
Personal Appearance & Wellness				
601	Skincare Specialists	Provide skincare treatments to face and body to enhance an individual's appearance.	Facialist, electrologist, spa esthetician	39-5094
602	Massage Therapists	Perform therapeutic massages of soft tissues and joints. May assist in the assessment of range of motion and muscle strength, or propose client therapy plans.	Masseuse, deep tissue massage therapist, sports massage therapist	31-9011
603	Barbers, Hairdressers, Hairstylists, and Cosmetologists	Provide beauty or barbering services, such as cutting, coloring, and styling hair, massaging and treating scalps, trimming beards or giving shaves.	Wig stylist, beautician, hair colorist, hair cutter	39-5012, 39-5011
604	Shampooers	Shampoo and rinse customers' hair.	Scalp treatments specialist, shampoo assistant	39-5093

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
605	Manicurists and Pedicurists	Clean and shape customers' fingernails and toenails. May polish or decorate nails.	Nail technician, fingernail sculptor, nail painter	39-5092
606	Eyebrow Threading and Waxing Technicians	Enhance and maintain clients' eyebrows using techniques such as threading, waxing, or tweezing.	Eyebrow waxer	39-5091
607	Makeup Artists	Design and apply makeup looks.	Wedding makeup artist, party makeup artist	39-9031
608	Exercise Trainers and Group Fitness Instructors	Instruct or coach groups or individuals in exercise activities for the primary purpose of personal fitness. Demonstrate techniques and form, observe participants, and explain to them corrective measures necessary to improve their skills. Develop and implement individualized approaches to exercise.	Aerobics trainer, yoga instructor, personal trainer	27-1019
609	Tattoo Artists and Piercers	Design and execute tattoos on a client's skin, often using a needle and ink. Create openings in the human body for the insertion of jewelry. May consult clients on aftercare to promote healing and prevent infection.	Tattoo artist, ear piercer, nose piercer	51-6052
610	Tailors	Design, make, alter, repair, or fit garments.	Tailor, seamstress, clothing alterations worker	51-6041
611	Shoe and Leather Workers and Repairers	Construct, decorate, or repair leather and leather-like products, such as luggage, shoes, and saddles. May use hand tools.	Cobbler, shoe shiner	39-5012
Recreation & Instruction				

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
701	Golf Caddies	Assist a golfer during a round of golf by providing practical support and strategic advice. May carry the golfer's bag, manage their clubs, offer guidance on club selection or course strategy.	Golf caddie, golf cart attendant	39-3091
702	Self-Enrichment Teachers	Teach or instruct individuals or groups for the primary purpose of self-enrichment, rather than for an occupational objective, educational attainment, competition, or fitness.	Knitting instructor, piano teacher, art instructor, dance teacher	25-3021
703	Recreational and Tour Pilots	Pilot and navigate the flight of fixed-wing aircraft, helicopters, or other airborne vehicle for recreational or touring purposes. Excludes regional national, and international airline pilots, and emergency services pilots.	Helicopter tour pilot, hot air balloon aeronaut, skydiving pilot	25-3021
704	Tour Guides and Escorts	Escort individuals or groups on sightseeing tours or through places of interest, such as industrial establishments, public buildings, and art galleries.	Museum guide, sightseeing guide	39-7011
705	Travel Guides	Plan, organize, and conduct long-distance travel, tours, and expeditions for individuals and groups.	Cruise director, river expedition guide	39-7012
706	Sports and Recreation Instructors	Teach or instruct individuals or groups for the primary purpose of recreation, rather than for an occupational objective, educational attainment, competition, or fitness.	Diving instructor, ski instructor, tennis teacher, surfing instructor	53-2012
Transportation & Delivery				

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s)¹
801	Parking and Valet Attendants	Park vehicles or issue tickets for customers in a parking lot or garage. May park or tend vehicles in environments such as a hotel or restaurant. May collect fee.	Parking garage attendant, valet parker	53-6021
802	Taxi and Rideshare Drivers and Chauffeurs	Drive a motor vehicle to transport passengers on a planned or unplanned basis.	Cab driver, personal driver	53-3054
803	Shuttle Drivers	Drive a motor vehicle to transport passengers on a planned route and scheduled basis. May collect a fare. Excludes taxi and rideshare drivers, chauffeurs, municipal bus drivers, and school bus drivers.	Airport shuttle driver, hotel shuttle driver, rental car shuttle driver	53-3053
804	Goods Delivery People	Drive truck or other vehicle over established routes or within an established territory to deliver goods, such as food products, appliances, or furniture, or pick up or deliver packages. May also take orders or collect payment at point of delivery.	Pizza delivery driver, grocery delivery driver, bicycle courier, package delivery person, appliance delivery driver, furniture delivery person	53-3031
805	Personal Vehicle and Equipment Cleaners	Wash or otherwise clean personal vehicles, machinery, and other equipment. Use such materials as water, cleaning agents, brushes, cloths, and hoses.	Car wash attendant, auto detailer, boat waxer	53-7061
806	Private and Charter Bus Drivers	Drive bus or motor coach for charters or private carriage. May assist passengers with baggage.	Motor coach bus driver, tour bus driver	53-3052

Treasury Tipped Occupation Code (TTOC)	TTOC Occupation Title	TTOC Occupation Description	TTOC Illustrative Examples	Related Standard Occupational Classification (SOC) System Code(s) ¹
807	Water Taxi Operators and Charter Boat Workers	Operate water taxi boats or provide services to passengers on private charter boats. May assist in navigational activities.	Water taxi captain, air boat operator, charter boat deckhand, charter boat steward	53-5022
808	Rickshaw, Pedicab, and Carriage Drivers	Operate rickshaw, pedicab, or carriage to transport passengers.	Horse drawn carriage driver, bike taxi driver	53-6099
809	Home Movers	Manually move furniture, boxes, luggage, or other materials to or from a home or dwelling.	Furniture mover, packer	53-7062

Notes:

¹ Related Standard Occupational Classification (SOC) System Code(s) is the code(s) from the 2018 Standard Occupational Classification System that most closely correlates to the Treasury Tipped Occupation Code (TTOC). However, certain occupations as described by the TTOC may be either narrower or broader than the Related SOC code occupation to reflect better the occupations in which individuals customarily and regularly received tips on or before December 31, 2024. As such, the TTOC Occupation Descriptions and TTOC Illustrative Examples provided in the table have, in many cases, been modified from the Related SOC code(s). That is, certain occupations within the Related SOC code may not have customarily and regularly received tips on or before December 31, 2024, and therefore would not be included in the TTOC occupation. For more information on the 2018 SOC system, see “Standard Occupational Classification (SOC) System—Revision for 2018”, *Federal Register*, Vol. 82, No. 227, pp. 56271-3 (Nov. 28, 2017) or online at <https://www.govinfo.gov/content/pkg/FR-2017-11-28/pdf/2017-25622.pdf> (last accessed July 28, 2025).