

Edwin Tavaréz, Costa Rican Chef, Explains New IRS Tipping Standards

Written by Australian Business

JACO, COSTA RICA, September 13, 2013 **/24-7PressRelease/** -- After working in the restaurant business for many Edwin Tavaréz, Costa Rican chef, has become accustomed to the industry's policies. Although he has worked behind the scenes as a fry cook most of life, he has still delved into other endeavors within the restaurant business. He has come to respect all aspects of the industry, mostly the different employment positions. Edwin truly cares about the well-being of the staff in a restaurant. But things may be changing regarding tipping standards that are putting restaurant managers and servers on edge.

A majority of restaurants have a policy where large parties of guests are automatically charged a gratuity fee of 15 to 20 percent. This money is given to the server in lieu of a traditional tip. However, an [article](#) in The Consumerist indicates how the IRS is planning on changing the gratuity attributes. In fact, automatic gratuities will possibly disappear since these new tax laws will make the fees less attractive for both restaurant owners and waiters.

Typically, the gratuity fee is considered a tip and the waiter receives it right away, tax-free. At the end of the year, they are required to report it on their taxes as non-taxed income. The IRS is instituting a new change come January 2014 that will classify automatic gratuities as service charges rather than tips. While this does not harm anything on the consumer side, it can mean big changes for the restaurant workers.

Edwin Tavaréz, Costa Rica, points out how a lot of waiters rely on their tips for a living. They are receiving a handful of cash that they can use right away and can worry about taxes later. But the IRS is going to change this practice by considering gratuity tips as income wages. Therefore, the restaurant owner is responsible for withholding payroll tax.

Not only are servers being given less maneuverability with their income, they are now dealing with bigger hassles during tax time. The restaurant owner will have to set up a system where they will need to sort out gratuity fees from standard tips. It is their duty to report the appropriate tax measures, which means they will be spending countless hours each night sorting out tipping amounts and differentiating what is taxable and what is not.

Edwin Tavaréz, Costa Rica, also points out another problem with this change. "The automatic gratuity is now going to be affecting waiters' minimum wage. Right now, servers often get paid significantly lower than minimum wage, but get to keep their tips. This evens out so that they are getting a fair amount of income. But the IRS's law is forcing owners to constantly have to recalculate their wait staffs' wage so that it is in compliance with tax laws. It's a huge headache and is only going to cause mass confusion."

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Edwin Tavaréz, Costa Rica, hopes that there will be some reconsideration in regards to this new gratuity tax placement.

ABOUT:

[Edwin Tavaréz, Costa Rica](#) , is a fry cook that works at Jaco's very own Surf Side Burger Barn. An Arkansas native, Edwin moved to Costa Rica for a change of scenery and immediately fell in love with the exotic climate. When he is not working as a chef at Surf Side, he is out adventuring the world with his chocolate Labrador, Henry, or spending time with his wife, Emily. Edwin believes in enjoying the finer things in life and takes advantage of each day. His primary hobby is rock-climbing, a sport that he finds challenging to the mind, body, and spirit.