SOLUTIONS

FICA Tip Tax Credit

Payroll Tax Recovery — Credit for the Employer's Share of FICA Taxes Paid on Employee Tips



There are more than 2,000 different tax credits available to small businesses, yet most operators only ever actively utilize a few — and even fewer are structured in a way that allows for conversion into a one-time cash refund rather than remaining a paper credit.

This payroll tax recovery solution is not a loan or grant. It is a specific incentive opportunity within the tax code that allows qualifying restaurant and hospitality operators to recover a portion of previously paid employer payroll taxes as a one-time cash refund, when properly documented and compliantly executed.

What Is This Federal Tax Incentive?

The FICA Tip Credit (IRS Code: 26 U.S. Code § 45B) is a federal tax incentive designed to help businesses recover a portion of the Social Security and Medicare (FICA) taxes paid on employee-reported tips.

It's a dollar-for-dollar tax credit for employers who pay FICA taxes on employee tips. This is not a deduction — it's a direct reduction of your tax bill, worth up to 7.65% of qualified tip income.

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Who Qualifies?

If your business receives tips from customers, you may be eligible. Common industries include:

- Restaurants, Nightclubs and Bars
- Coffee Shops and Cafes
- Hotels, Resorts and Casinos
- Breweries, Wineries and Distilleries
- Food Trucks
- Catering Services, Cruise Ships

To qualify, your business must:

- Operate in an industry where tipping is customary pay
- Pay FICA taxes on reported employee tips
- Have employees who report their tip income to you as the employer
- Have filed the appropriate tax forms (Forms 941, 8027, etc.)

Key Benefits

CLAIM REFUNDS

for up to 3 years of prior tax filings

REDUCE YOUR TAX LIABILITY

in current and future years, and carry unused credits forward up to 20 years

MAXIMIZE YOUR SAVINGS

without changing employee wages or tipping practices

Recovery Services on Contingency

Our partners' recovery team can usually evaluate eligibility quickly and provide a potential refund estimate early in the process.

The entire process is managed by experienced tax and bank specialists who exclusively focus on this type of recovery, using proprietary systems and workflows built specifically for accuracy, verification and regulatory compliance.

There is no fee owed unless a refund is successfully recovered.

Get Started Now

Don't miss out on your tax credit or refund. If you'd like to learn more about this tax incentive and whether it applies to your business, contact us today.

QUESTIONS? GIVE US A CALL

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