

No Tax On Tips

**The #1 Tipping
Mistake Stylists
& Salon Owners
Must Avoid**

FREE DOWNLOAD!

No Tax on Tips

Don't Make This Mistake

Starting in 2025, new federal tax rules allow qualifying tipped workers to reduce how much **federal income tax** they pay on tip income. These rules will run through 2028.

For many stylists, this could mean **thousands of dollars** back each year.

For many salon owners, this could mean much bigger **business-level tax savings through the 45B FICA Tip Credit** on employee tips.

But the tax benefit only applies when the IRS considers the payment a true tip.

What a tip is...

What the IRS actually counts as a tip:

- **Voluntary** – the client chooses whether to leave it, regardless if it's cash, credit, Venmo, etc.
- **Client-controlled** – the client decides the amount
- **Separate from service pricing**
- **Not required** or predetermined

If even one of these rules is broken, the payment is usually treated as **service income** rather than a tip – **eliminating the federal tax deduction.**

What a tip isn't...

Payments that usually do not qualify as tips:

- **Required** gratuities
- **"Tip included"** pricing
- **Automatic tip percentages**
- **Service charges labeled as tips**
- Packages that **bundle services and gratuity together**

In other words: when tipping stops being optional, it usually stops being a tip. **And when that happens, the No Tax on Tips benefit disappears.**

Translation:

A simple mistake in how tips are labeled or collected can completely disqualify you from cashing in on this historic tax credit.

So how do you make sure your tips actually qualify?

The answer depends on **your role in the salon** — because employees, renters, and salon owners all follow different No Tax on Tips rules.

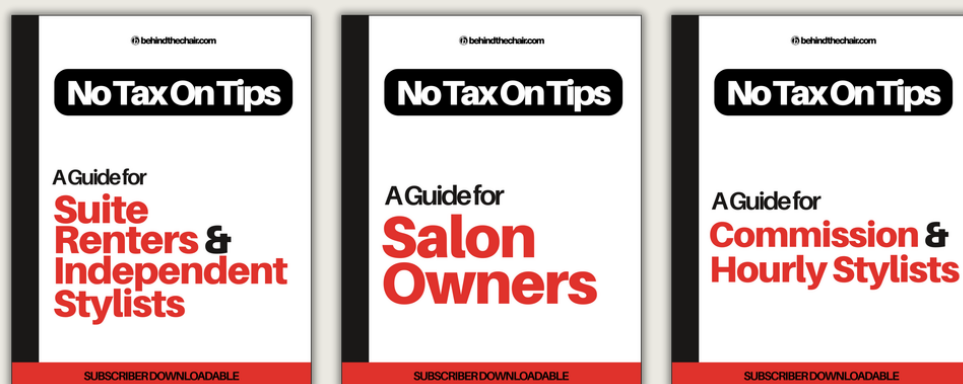
That's why we created **three separate No Tax on Tips guides inside BTC University**, each diving deeper into the rules and real-life income examples for:

- [Commission & Hourly Stylists](#)
- [Suite Renters & Independent Stylists](#)
- [Salon Owners](#)

Each guide explains the **rules, opportunities, and risks specific to that role**. You can access all three role-specific guides inside [BTC University](#) for just \$99/year.

Keep More of Your Tip Income This Tax Season!

Get the full No Tax on Tips guide for your role inside BTC University — plus 250+ in-depth hair tutorials and resources to help you grow your business — **for just \$99/year**.



Join BTC University now for instant access!

SUBSCRIBE NOW

- How tips must be collected and tracked to qualify
- How much tip income you can deduct — and potentially save
- The point-of-sale setup rules that protect the deduction
- The tax differences between employees, renters, and owners
- The 45B tax credit opportunity for salon owners