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GENERAL MEMORANDUM 25-011

The Internal Revenue Service Releases Proposed Regulations Governing Occupations that Customarily and Regularly Receive Tips for Income Tax Deduction Purposes

On September 22, 2025, the Internal Revenue Service (IRS) [proposed](#) new regulations consistent with the One Big Beautiful Bill Act (H.R. 1). This statute codified the “no tax on tips” policy touted by President Trump on the campaign trail.

H.R. 1 allows individuals in an occupation that customarily and regularly received tips prior to January 1, 2025 to deduct “an amount equal to the qualified tips received during the taxable year.” Here, a qualified tip means “cash tips received by an individual in an occupation which customarily and regularly received tips on or before December 31, 2024, as provided by the Secretary.” Cash tips include “tips received from customers that are paid in cash or charged and, in the case of an employee, tips received under any tip-sharing arrangement.” By law, this deduction may not exceed \$25,000 in a taxable year and is subject to certain limitations based on total income, marital status, and inclusion of a social security number on tax returns.

The proposed regulations also detail a list of occupations eligible for the qualified tips deduction, which is derived from the occupations that included a significant number of workers who earned at least \$100 in annual tips prior to January 1, 2025. Critically for tribal gaming enterprises, this list includes gambling dealers, change persons, booth cashiers, cage workers, sportsbook writers, and runners. Further, the list includes a wide swath of occupations in the hospitality, entertainment, restaurant, and personal care industries, which are also typically employed at tribal casinos and resorts.

The IRS has requested comments from the public on the proposed rule and will host a public hearing on October 23, 2025 at 10 a.m. Eastern Time (ET). All written and electronic comments, as well as requests to speak and outlines of topics for discussion at the public hearing, must be received by October 22, 2025. Requests to attend the public hearing must be received by 5 p.m. ET on October 21, 2023.

Please contact us if you would like more information regarding the contents of this memorandum, or would like to submit comments regarding the proposed regulations and their impact on tribal gaming.

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