



Tim Scott Explains Internal Revenue Service Changes on WWL-TV

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Attorney Tim Scott appeared on WWL-TV to discuss the recent Internal Revenue Service changes to the classification of auto-gratuities and how it will impact business owners.

If you are with a party of six or more at a restaurant a tip may sometimes be automatic.

The IRS has recently reclassified those automatic tips as service charges.

Officials said it's to crackdown on unreported tip income.

Tim said this impacts servers the most.

"Automatic tips will be paid as W-2 wages to the server and they will have to pay taxes on that," said Tim.

Tim said a business owner needs to decide if automatic tips are the right choice for their company. Incorrect handling of auto-gratuities could jeopardize restaurant owners' ability to rely on the tip credit that allows them to pay tipped staff less than minimum wage.

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