

Sales and Use Tax (Tips/Gratuities)

Is there sales tax on tips/gratuities for large parties such as banquets?

Some places charge "mandatory" tips and gratuities. For example a large group being served at a restaurant may have added to their bill a 15 percent mandatory gratuity. However, these mandatory tips or gratuities are usually involuntary and should be considered a part of the sales price and therefore taxable.