

### Congressman Paul Introduces "The Tax Free Tips Act"

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Washington, DC - Congressman Ron Paul has introduced legislation that would ease the tax burden on some of America's hardest workers – those in the service industry.

The Tax Free Tips Act of 2007 H.R. 3664 would exempt tips and gratuities from federal income and payroll taxes. Tips often compose a substantial portion of the earnings of waiters, waitresses, and other service-sector employees. However, unlike regular wages, a service-sector employee usually has no guarantee of, or legal right to, a tip. Instead, the amount of a tip usually depends on how well an employee satisfies a client. Since the amount of taxes one pays increases along with the size of tip, taxing tips punishes workers for doing a superior job!

Not only that, but the IRS estimates how much in tips an employee *should* have received and taxes them based on that, whether they actually received that amount or not. This should stop.

"Many service-sector employees are young people trying to make money to pay for their education, or single parents struggling to provide for their children. Oftentimes, these workers work two jobs in hopes of making a better life for themselves and their families. The Tax Free Tips Act gives these hard-working Americans an immediate pay raise. People may use this pay raise to devote more resources to their children's, or their own, education, or to save for a home, retirement, or to start their own businesses," stated Congressman Paul.