

Turning the Tables on the Increasing Pressures of Tipping

S.Z. Berg (<http://www.mainstreet.com/author/1610486>) | Follow ()

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NEW YORK (MainStreet (<http://www.MainStreet.com>)) — There's no shortage of advice this time of year on holiday season tipping. Come December, it's a hot topic in the media, with experts telling consumers just how much to tip. Percentages seem to inch up every year, and many consumers are feeling a financial pinch.

"Tipping should be a way for you to show your gratitude for good service, but it's increasingly become a keeping up with the Joneses game," says Ask April (<http://www.askapril.com/>) advice columnist April Masini.

According to a Care.com survey of more than 1,000 people, 24% of respondents planned to tip more this holiday season, and more than half of people surveyed say they feel guilty

when they don't give tips during this time of year. Care.com found that a quarter of those surveyed spend more than \$250 and 11% tip more than \$400 on holiday season tipping. Nearly a third said they wish they didn't feel obligated to tip delivery people. New Yorkers seem to get hit hard with 20% spending in excess of \$300 on holiday season tipping compared with 9% in Illinois.

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Freedom to Decide -- Additional Consumer Discretion

But freedom of choice is no longer just about how much holiday cash to toss your doorman or super; the consumer now has more openness in additional tipping contexts.

Preset tip amounts for large parties at restaurants may increasingly become a thing of the past -- and increase the battle between a consumer's generosity and thriftiness seen in open-ended holiday tipping. That's because at the beginning of the year, the IRS began enforcing the tax treatment of mandatory tips (<http://kielichlawfirm.com/2014-irs-rules-mandatory-gratuity/>) from rules put out by the Department of Labor.

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Prior to this year “tips that were added to the bill automatically typically to large parties were treated as tip income to waiters [and] waitresses,” says Tyler K. Gibbons, a CPA who handles individual and business tax accounting. “Tip income does not incur any expense on the business owner,” Gibbons says. Now mandatory tipping must be reported as wages to servers, which means the restaurant has to pay payroll taxes, he says. As a result, Gibbons thinks restaurants will stop mandatory tipping and says many large chains have already started eliminating the practice.

That will leave just how much to tip up to the individual, and as with holiday tipping, that’s where the pressure comes in.

“[I]t's never a good idea to respond to pressure - perceived or real,” says Cheryl Reed, spokesperson for Angie's List. “Depending on the service you're tipping, a positive online review or a letter to the head of the company can go a lot farther than a 20% cash [tip],” Reed says. “Some companies include that kind of referral in their consideration of bonuses and promotions. And let's face it, having a customer tell the boss you're great is the best evaluation you can get.”

Reed notes that few people realize that “some companies forbid tipping, so you can actually get your favored service pro in trouble by leaving cash.”

“I always want to make sure that I am fair to the people who are so helpful and good to me throughout the year, so to compensate for the feeling of having to tip larger and larger percentages, I try to stay consistent with the amount of money but add in something that is more personal and shows them we are grateful for them,” business etiquette expert Carly Drum of Drum Associates, a Wall Street staffing firm. “For example, for our mail carrier- we gave him a holiday tip but added in a jar with ingredients to make cookies- because we knew he liked to do activities with his grandkids. Stuff like that can go a long way,” she says.

Read More: Hotel Maids: To Tip or Not To Tip?
(“<http://www.mainstreet.com/article/hotel-maids-tip-or-not-tip>”)

With regard to holiday season tipping, Masini gives this advice: “Tipping should come from the heart, and if you’re coming up short in the cash category, write a gracious, handwritten note that is included in the tip envelope.”

— *Written by S.Z. Berg for MainStreet*