



441 G St. N.W.
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B-338312

April 30, 2026

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

Subject: *Department of the Treasury, Internal Revenue Service: Occupations that Customarily and Regularly Received Tips; Definition of Qualified Tips*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Treasury, Internal Revenue Service (IRS) entitled “Occupations that Customarily and Regularly Received Tips; Definition of Qualified Tips” (RIN: 1545-BR63). We received the rule on April 10, 2026. It was published in the *Federal Register* on April 13, 2026. 91 Fed. Reg. 19026. The stated effective date of the rule is June 12, 2026.

According to IRS, this rule identifies occupations that customarily and regularly received tips on or before December 31, 2024, and provides a definition of qualified tips for purposes of the income tax deduction for qualified tips. 91 Fed. Reg. 19026. IRS stated that this rule affects individuals who receive tips as part of their occupation. *Id.*

The Congressional Review Act (CRA) requires a major rule to have a delayed effective date of at least 60 days from the later of its publication in the *Federal Register* or its receipt by Congress. 5 U.S.C. § 801(a)(3)(A). This rule was published in the *Federal Register* on April 13, 2026. 91 Fed. Reg. 19026. The Senate received the rule on April 20, 2026. 172 Cong. Rec. S1935 (daily ed. Apr. 22, 2026). The House of Representatives received the rule on April 22, 2026. 172 Cong. Rec. H3130 (daily ed. Apr. 28, 2026). The rule has a stated effective date of June 12, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt by Congress.

Enclosed is our assessment of IRS’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to

the subject matter of the rule, please contact me (202) 512-8156.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large, looped initial 'S'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Kalle Wardlow
Federal Register Liaison
Internal Revenue Service

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE
ENTITLED
“OCCUPATIONS THAT CUSTOMARILY AND REGULARLY RECEIVED TIPS;
DEFINITION OF QUALIFIED TIPS”
(RIN: 1545-BR63)

(i) Cost-benefit analysis

In its submission to us, the Department of the Treasury, Internal Revenue Service (IRS) indicated that it did not prepare an analysis of the costs and benefits of this rule. In the rule, IRS stated that the projected economic costs and benefits of this rule are small. 91 Fed. Reg. 19026, 19042 (Apr. 13, 2026).

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

The Secretary of the Treasury certified that this rule will not have a significant economic impact on a substantial number of small entities. 91 Fed. Reg. 19047.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

IRS determined that this rule will not have an effect on state, local, or tribal governments, in the aggregate, or on the private sector, of \$100 million in 1995 dollars, updated annually for inflation, in any one year. See 91 Fed. Reg. 19047.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On September 22, 2025, IRS published a proposed rule. 90 Fed. Reg. 45340. IRS stated that it received comments from various interested parties. See 91 Fed. Reg. 19027. IRS responded to comments in the rule. *Id.* at 19027–40.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

IRS determined that this rule contains no new information collection requirements and does not alter any previously approved information collection requirements under the Act. 91 Fed. Reg. 19047.

Statutory authorization for the rule

IRS promulgated this rule pursuant section 70201(h) of the One Big Beautiful Bill Act, Pub. L. No. 119-21, 139 Stat. 72, 173 (July 4, 2025); and sections 224(d)(2)(C), 224(g), and 7805(a) of title 26, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

IRS stated that the Office of Information and Regulatory Affairs has determined that this rule is economically significant under section 3(f)(1) of the Order and that the Office of Management and Budget has reviewed it. 91 Fed. Reg. at 19041.

Executive Order No. 13132 (Federalism)

IRS determined that this rule does not have federalism implications. 91 Fed. Reg. at 19047.