



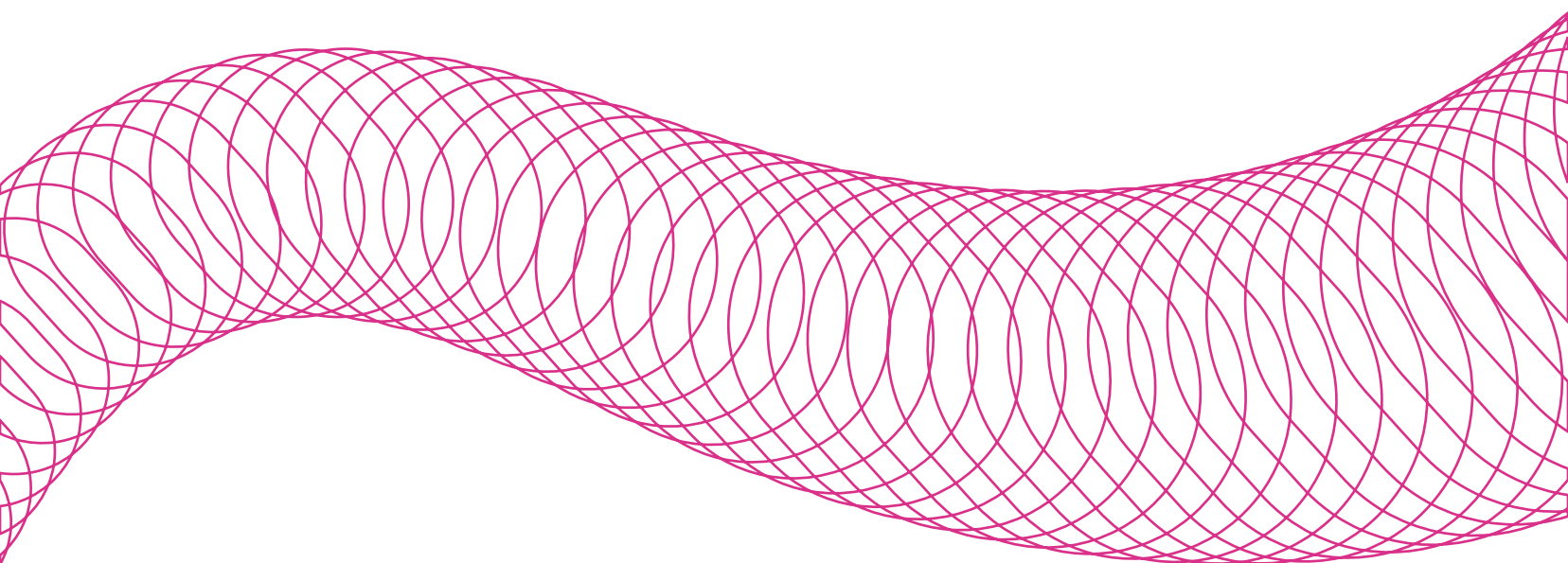
**Back Office**

By Buyers Edge Platform

INDUSTRY INSIGHTS • WASHINGTON STATE

# What Washington Servers and Bartenders *Really* Earn

IRS Form 8027 Findings from Back Office's Washington  
Restaurant Customers, Tax Year 2025





As Washington’s restaurant industry navigates rising wages, evolving tipping norms, and renewed public debate over what hospitality workers take home, one question keeps coming up: **What do Washington servers and bartenders really earn?**

**In plain terms:** the typical directly tipped employee at a Back Office customer location in Washington reported \$28.06 in direct tips for every hour worked in 2025. Added to Washington’s state minimum wage, estimated hourly earnings come to \$44.72 — and climb even higher in Seattle, Sea-Tac, and other Washington cities with local minimum wage requirements.

To bring real numbers to the conversation, Back Office examined the IRS Form 8027 from tax year 2025 filings prepared on behalf of their full-service restaurant customers across Washington State. Form 8027 is the federal report establishments use to disclose tip income to the IRS. Direct tips generally reflect tips retained by directly tipped employees after tip-sharing/tip-out reporting, while indirect tips are reported separately on Line 4a. Because the analysis uses only IRS-reported tips, it does not attempt to estimate any cash tips that may not have been reported.

## The 2025 Headline Finding

Direct Tips per Hour	Estimated Hourly Earnings*
<b>\$28.06</b>	<b>\$44.72</b>
Tips reported by directly tipped employees on Form 8027 (Line 4b), generally net of tip-sharing/ tip-out reporting.	Direct tips + Washington State minimum wage (\$16.66 / hr, 2025).

*\*Based on Washington State's 2025 minimum wage of \$16.66 / hour. Direct-tipped employees in Seattle (\$20.76 / hr), SeaTac (\$20.17 / hr hospitality), and other Washington cities with higher local minimum wages earn meaningfully more.*

## Methodology & Sample

This analysis is built from IRS Form 8027 filings prepared for qualifying Washington customers and joined to payroll check-hour detail from the payroll platform. The 2025 analysis sample reflects 110 Washington restaurant locations that were on payroll service for the full calendar year and had corresponding Form 8027 data, representing 2,554 directly tipped employees and approximately 1.31 million directly tipped payroll hours.

**Calculation:** Direct tips per hour = Form 8027 Line 4b direct tips (\$36,765,419) ÷ direct-tipped employee hours, including overtime (1,310,267.54 hours) = \$28.06.

## Who's in the Sample: A Snapshot of WA Customers

These findings are not drawn from a single steakhouse or a narrow slice of high-end concepts. As of May 2026, Back Office serves multiple active Washington restaurant locations on payroll, spanning many distinct operators — from family-owned single-unit restaurants to multi-unit regional brands. The 110-location analysis sample referenced above is limited to locations with complete 2025 Form 8027 / payroll data.

Operator Group Size	Unique Customers	Locations	Share of Locations
1 – 4 locations (independents & small groups)	40	61	55.5%
5 – 9 locations (regional multi-unit)	5	29	26.3%
10+ locations (large regional brands)	1	20	18.2%
<b>Total — Active WA Payroll Customers</b>	<b>46</b>	<b>110</b>	<b>100.0%</b>

The customer base is concentrated in full-service hospitality (restaurants, bars, and gastropubs) and includes burger fast-casual, seafood, Italian/pizza, gastropub, sports bar, BBQ, farm-to-table, American bar & grill, and brewery / distillery operators, located across the Puget Sound region and throughout the state.



## What This Says About the Industry

- **Direct-tipped employee compensation in Washington is meaningfully higher than the headlines suggest.** Estimated hourly earnings of \$44.72 — using the most conservative tip figure and the state minimum wage — annualize to roughly \$93,000 on a full-time-equivalent basis, before overtime.
- **These are IRS-reported numbers.** Every dollar in this report has been filed with the federal government on Form 8027. Because the analysis uses only IRS-reported tips, it does not attempt to estimate any cash tips that may not have been reported.
- **The pattern holds across operator size and concept.** The per-hour tip rate was nearly identical in 2024 (\$28.19) and 2025 (\$28.06), across 132 and 110 full-year locations respectively, suggesting the result is a stable feature of the Washington full-service market rather than a one-year anomaly.
- **Tippling in Washington is healthy.** Aggregate tips reported across the sample totaled \$46.05 million in 2025 against \$274.21 million in gross receipts — meaning customers tipped roughly 16.8% of sales, voluntarily, on top of menu prices.

### *About Back Office*

Back Office, a Buyers Edge Platform company, partners with thousands of restaurant operators nationwide to deliver back-office services including payroll, accounting, food-cost management, and supply chain optimization. The data in this report reflects the IRS-filed payroll and tip reporting managed by Back Office for their Washington restaurant customers and is shared on their behalf to bring transparency to a conversation that often happens without one.

For media inquiries or additional analysis, contact Back Office.



**Back Office**  
By Buyers Edge Platform