

Employment (Allocation of Tips) Act 2023 (The Tipping Act) (1st October 2024, new revised date)

From 1st October 2024, new legislation comes into force for employers where workers receive tips (including gratuities and service charges), to ensure they are fairly distributed.

Key Points:

- This applies to all employer-controlled tips, or tips where the employer has influence over how tips are distributed. It does not apply to tips received directly by workers and kept, without any employer involvement
- Non-monetary tips, for example, fixed-value vouchers or tokens, also qualify, if they are controlled by the employer
- 100% of all tips received must be fairly distributed to workers without deductions (eg. admin fees, card transaction fees or other costs). Any national insurance or tax implications will still be applicable
- Tips must be paid in full to workers (including agency workers) at the end of the month following the month the tip was received, at the latest. For example, if a tip was received on 15th May, it would need to be paid to staff by 30th June
- Tips can only be distributed to staff working within the venue where the tip was paid. Exceptions maybe for head office staff who's role can be linked to that venue
- Tips must be allocated in a fair and reasonable way, avoiding discrimination. However, this does not mean that everyone has to be paid the same amount. For example, the amount could be dependant on their role. The Code of Conduct will give guidance (see link below)

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- Tips can be distributed by a tronc system, if the set-up is in line with the principles of fairness and following the new rules
- Employers will be required to publish a policy outlining the changes, and ensure the detail is clearly communicated to their staff, including agency workers. The policy can be displayed for customers to see, however, this is not a requirement of the Act
- Employers will need to retain records of tips received, and how they have been distributed for 3 years (from the date the tip was received), and employees have a right to request access to these
- Employees and agency workers will have the right to take any complaints regarding distribution of tips to an employment tribunal, and they could be paid compensation
- Staff should be consulted with when employers are considering how to allocate tips, and the factors involved should be clearly communicated
- Employers should review the tipping process regularly to ensure it remains fair and transparent

Further resources:

- [Code of Practice on Fair and Transparent Distribution of Tips](#)