

## Policies and records

By law, employers must have a written policy and keep records if:

- tips are paid in their organisation more than 'occasionally or exceptionally'
- they have 'control or significant influence' over tips

The law is the Employment (Allocation of Tips) Act 2023. It is known as the Tipping Act 2023.

The [Code of Practice on fair and transparent distribution of tips on GOV.UK](#) accompanies the law. The Code is the minimum procedure an employer must follow.

The Tipping Act and Code do not apply to employers who only receive tips on rare occasions. For example, a shop that gets tips a few times a year. It's still a good idea to have a policy and keep records. This can help make the process clear if workers do get tips.

### What the policy must include

A policy on tips must set out:

- whether the employer requires or encourages customers to pay tips or service charges
- how the employer makes sure they deal with and share out tips fairly

The employer must make the policy available to all workers, including agency workers.

For example, the employer could:

- include the policy in workers' contracts or written statements of employment particulars
- make a physical or electronic copy of the policy available in a shared worker area – for example, an intranet or training handbook

### Creating or changing a policy

Employers should review existing policies and contracts to make sure they follow the Tipping Act and Code.

An employer might need to create or change a policy. If they do, they should:

- consult with workers or their representatives
- give proper notice of any changes

If there's a collective agreement with a trade union, employers might be legally required to carry out collective consultation.

After an employer has created or updated a policy, they should regularly review it.

### Changing employment contracts

When an employer creates or changes a policy, they might be changing employment contracts.

If they're changing contracts, an employer should get agreement from workers or their representatives. This involves discussing all available options and listening to suggestions.

An employer must also follow a fair procedure to change contracts.

[Find out more about changing an employment contract](#)

## Keeping records

Employers must keep records of tips for 3 years from when the tips were paid.

For all tips, the employer must record:

- the amount of money received
- the amount they paid to the worker
- the amount they arranged for a troncmaster to allocate

A troncmaster is someone an employer uses to share out tips. It could be a worker, an accountant or an independent company.

## Requesting to see records

Workers can ask to see records of tips once every 3 months.

In each request, workers can ask to see records for either:

- one month
- 2 or more consecutive months

For example, a worker can ask for records for March, April and May in one request. They cannot ask for records for March, May and September in one request, because the months are not consecutive.

Workers can ask to see records going back up to 3 years. But they can only see records for the time they've worked for the employer.

When a worker makes a request, the employer must give them the records within 4 weeks.

## If an employer does not have a policy or records

It's a good idea for a worker to raise any issues about policies or records informally first. They can do this by [talking to their employer](#). This can help resolve a problem quickly if there's been a misunderstanding or mistake.

Employers should make sure they treat concerns from workers, including agency workers, in the same way they treat concerns raised by their own staff.

The Tipping Code of Practice says employers should follow the [Acas Code of Practice on disciplinary and grievance procedures](#).

This can be useful if:

- raising it informally does not resolve the problem
- they feel the problem is too serious to deal with informally

A grievance is a formal complaint to an employer.

[Find out about the formal grievance procedure](#)

## **Making a claim to an employment tribunal**

Workers and agency workers can make a claim to an employment tribunal if their employer has:

- failed to create a written policy on tips or make it available
- failed to keep records on tips or make them available

A worker has 3 months minus 1 day to make a claim. This runs from the date their employer failed to provide a policy or records.

If a claim is successful, an employer could have to pay the worker up to £5,000.

Find out more about:

- [making a claim to an employment tribunal](#)
- [employment tribunal time limits](#)