

Sharing tips fairly

By law, employers must share tips, gratuities and service charges between workers in a fair and transparent way. This applies if an employer has 'control or significant influence' over how tips are divided.

The law is the Employment (Allocation of Tips) Act 2023.

The Code of Practice on fair and transparent distribution of tips accompanies the law.

An employer might have their own policy on tips, but the Code is the minimum procedure they must follow. If a case reaches an employment tribunal, the judge will consider whether the employer has followed the Code of Practice.

Being fair

The Code of Practice sets out principles to help employers decide how to divide tips fairly between workers.

For example, it says that:

- fairness does not mean employers must give the same proportion of tips to all workers
- employers should use clear and objective factors when deciding how to share out tips

What's fair will depend on:

- the type of workplace
- the jobs people are doing
- what's agreed with workers and their trade union or representatives, if they have them

Employers should consult with workers and any trade unions when deciding how to share out tips.

[Read the Code of Practice on fair and transparent distribution of tips on GOV.UK](#)

Example – considering factors for fairness

A sit-down pizza restaurant is open for lunch and dinner.

It might use the following factors to share out tips fairly:

- the time of day the tips are paid and how busy service is
- whether a worker serves tables, works in the kitchen or at the bar and how busy each area is
- whether certain workers have more responsibility, for example a head waiter
- whether any individuals or teams perform to a higher standard or get any complaints

Being transparent

Employers must make clear in a written policy how they divide tips fairly. They should also make this clear in employment contracts.

Employers must keep records of tips.

[Find out more about policies and records](#)

Discrimination

Employers must not discriminate in the way they share out tips.

Employers should carefully consider whether factors for sharing out tips would discriminate against anyone.

For example, an employer gives the biggest share of tips to permanent staff members than to their casual hours workers. The majority of their casual hours workers are younger and get a smaller share of tips. In some circumstances, this could be indirect age discrimination.

Employers should discuss how to avoid discrimination when they consult with workers or their representatives on how to share tips fairly.

[Find out more about discrimination at work](#)

Agency workers

Employers should treat agency workers in the same way as other workers.

When an agency worker starts their assignment, the employer or agency should:

- make them aware of the tips policy
- make sure they understand who they can raise concerns with or ask questions about tips

Paying tips to agency workers

Employers can either:

- pay tips directly to the agency worker
- pay tips to the agency first, who passes them onto the agency worker

If the employer pays tips to the agency worker directly, they must pay them at the same time as other workers. This is by the end of the month after the month the tips are received.

If the employer pays tips to the agency first, they must do this at the same time as paying other workers. The agency must pass the tips onto the worker. They must do this no later than the end of the month after the employer passed on the tips.

For example, a music venue has an event in October. The agency workers who worked the event get tips via their agency. The employer pays the tips to the agency in November. The agency must pay the tips to the workers by the end of December.

If tips are not shared out fairly

There are steps a worker can take if their employer or a tronc is not sharing out tips fairly.

It's a good idea to raise the problem informally first. They can do this by [talking with 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 direct 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

If the problem is still not resolved, they might be able to [make a claim to an employment tribunal](#).

If a tribunal claim is successful, an employer might have to take action for other workers who are affected. The other workers do not need to have made a claim.