**MUST BE DISPLAYED FOR BOTH CUSTOMERS AND EMPLOYEES**

**Tips and Gratuities Policy**

**Purpose**

From 1 December 2022, the Payment of Wages (Amendment) (Tips and Gratuities) Act 2022 introduces new rules as to how employers will have to distribute tips, gratuities and service charges amongst employees. The purpose of this policy is to provide transparency on how tips will be distributed among employees.

COMPANY NAME are committed to our legal obligations under this referenced legislation.

**Scope**

This policy applies to all employees and to the Company.

**Policy**

What is a “tip or gratuity”?

A ‘tip or gratuity’ is a voluntary payment made by a customer to, or left for, an employee or group of employees which they intended or assumed that the payment would be kept by the employee or shared with other employees.

What is a “mandatory service charge”?

A ‘mandatory service charge’ is a contractually imposed and receipted payment that a customer must pay, in addition to the cost of certain goods or services. It is an offence for an employer to use a term such as ‘service charge’ that leads customers to believe it will be distributed to employees if they do not actually distribute that charge.

What is an “electronic tip”?

An ‘electronic tip’ is a payment other than by cash. Examples include:

• By debit / credit card

• By smart card

• By way of apps designed to facilitate payment of tips and gratuities

• By means of a ‘push notification’ app

**Tips & Gratuities**

Tips and gratuities will not be used to form part of employee’s basic wage.

The organisation will distribute any tips or gratuities received in electronic form through debit or credit card in a fair and transparent manner.

The organisation will not retain any share of electronic tips unless;

• to pay tax, or bank charges arising from providing electronic methods of tipping, or

• where the employer regularly performs to a substantial degree the same work performed by some or all the employees, where such an amount may be deducted that is fair in the circumstances.

The organisation will display this policy in a manner visible to all employees.

**Procedure**

[Employer to enter content specific to their business on how tips & gratuities will be distributed]

A fair and equitable distribution will be context specific and is likely to take into account matters such as staff hours, busy and quiet periods, a worker’s role in service delivery, custom and practice etc. List the Tips & Gratuities that are applicable to your company outlining in a transparent manner that the monies will be dispersed.

For Example;

This service charge (where collected by electronic means) is dispersed

1. Based on experience and/or seniority
2. Based on the number of hours worked by employees
3. The worker’s role in service delivery
4. Equally among all staff