

Tip credit, tip sharing, tip pooling

MINNESOTA EMPLOYERS ARE PROHIBITED FROM TAKING A TIP CREDIT AGAINST THE MINIMUM WAGE

- Minimum wage rates apply to all hours worked, whether part time or full time.
- Employers may not count tips received by an employee toward the payment of minimum wage.
 - » Example: Employees must receive the applicable minimum wage in addition to any tips they may receive.



EMPLOYERS ARE PROHIBITED FROM DIRECTING EMPLOYEES TO POOL OR SHARE TIPS

- No employer may require an employee to contribute or share a gratuity received by the employee with the employer or other employees or to contribute any gratuity to a fund or pool.
- Tips are the sole property of the direct service employee. Employers cannot require employees to share their tips with indirect service employees.
 - » A direct service employee is one who performs direct service for a customer.
 - » Indirect service employees include, yet are not limited to, bus people, dishwashers, cooks or hosts.
- When more than one direct service employee provides direct service to a customer in a given situation such as banquets, money presented by customers as a gratuity and divided among the direct service employees is not a violation of Minnesota tip laws.



EMPLOYERS MAY TAKE THE FOLLOWING ACTIONS REGARDING TIPS

- Upon the request of employees, an employer may safeguard gratuities to be shared by employees and disburse shared gratuities to employees who agree.
- An employer may report amounts received as gratuities as required for tax purposes.
- For credit card tips only, employers may deduct from the tip the same percentage deducted by a credit card service company.



Labor Standards • 443 Lafayette Road N. • St. Paul, MN 55155
651-284-5075 • 800-342-5354 • 651-284-5099 (Spanish) • www.dli.mn.gov/laborlaw

Notice: This flyer is a brief summary of Minnesota law. It is intended as a guide and is not to be considered a substitute for Minnesota Statutes regarding tip laws.

Version 0419