

Tip credit, tip sharing, tip pooling

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

- Employers may not count tips received by an employee toward the payment of minimum wage.
- 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 share a tip with the employer or other employees or to contribute to any tip pool, except as listed below.
- 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.
- Dividing money left in a tip jar, or the equivalent of a tip jar, among direct service employees working on the same shift is not a violation of Minnesota tip laws and related case law. A “shift” means a period of time in which a particular group of employees work together to provide direct service to customers.



EMPLOYERS MAY TAKE THE FOLLOWING ACTIONS REGARDING TIPS

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



Labor Standards • 443 Lafayette Road N. • St. Paul, MN 55155
651-284-5075 • 800-342-5354 • dli.mn.gov • dli.laborstandards@state.mn.us

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 0123