Department for
Business, Innovation,
Science and Trade

Make Work Pay:

Revised Tipping Code of Practice

Date Issued: Wednesday 19 August

Closing Date: Tuesday 29 September

Foreword

Strengthening the Law on Tipping

This government is committed to protecting and enhancing the voices of workers, especially those who have traditionally had less of a voice in their workplaces.

The Employment Rights Act 2025 introduced new requirements for employers to consult with workers at their place of business when developing or revising their tipping policies.

The Government held a public consultation between February and April 2026, and, after taking into account the responses to that consultation, we have produced a draft revised statutory Code of Practice on fair and transparent distribution of tips, which is published alongside this consultation document.

On Page 7 of this consultation document, you will see a change log, detailing the substantive amendments which have been made in comparison with the existing Code of Practice, which came into effect in October 2024, under sections 27P and 27Q of the Employment Rights Act 1996 (ERA 1996).

We are now holding this new public consultation under section 27Q ERA 1996 to invite any representations on the draft revised Code of Practice. We look forward to hearing from employers and their representatives, workers and their representatives, consumers, and the wider public.

Our aim has been to bolster the protections on tips, through both legislation and guidance, while also ensuring appropriate flexibility for all industries where tips are accepted on more than an exceptional or occasional basis.

We will consider all comments and representations received during this consultation on the draft revised Code, which will help inform any further revisions to the Code. Following approval by the Secretary of State, the draft revised Code will then be laid in Parliament for approval by each House.

By delivering these changes together, as part of our plan to Make Work Pay, we back businesses who do the right thing and give hardworking people the job security and opportunities they deserve.

We are grateful for your time and consideration in responding to this consultation.

Jonathan Reynolds MP

Secretary of State for Business, Innovation, Science and Trade

Kate Dearden MP

Minister of State for the Future of Work

Contents

Introduction

The Plan to Make Work Pay

This Government's top priority is to grow the economy and improve living standards. We are clear that we cannot build a strong economy whilst having people in insecure work.

Our Plan to Make Work Pay is bringing our employment rights legislation into the 21st century, extending the employment protections already given by the best British companies to millions more workers across the country. Employment laws have not kept pace with modern working patterns. This has allowed some employers to exploit gaps in the law, undercut responsible businesses, and fuel a race to the bottom. Once implemented, the Employment Rights Act will raise the minimum floor of employment rights, raise living standards across the country and level the playing field for those businesses who are engaged in good practices.

We are committed to full and comprehensive consultation with employers, workers, trade unions and civil society. We are taking a phased approach to engagement and consultation on these reforms. This will ensure stakeholders have the time and space to work through the detail of each measure and to help us implement each in the interests of all.

Why We Are Consulting

The Government is consulting under section 27Q ERA 1996 to gather views on the draft revised statutory Code of Practice on fair and transparent distribution of tips, which is published alongside this consultation.

In particular, this consultation provides an opportunity for all interested parties and groups to review the amendments proposed to be made to the Code of Practice (as detailed in the change log below), and provide their views on those amendments and (if they wish) on the draft revised Code more generally.

The Current Legal Position on Tipping

The Employment (Allocation of Tips) Act 2023, which came fully into force on 1 October 2024 and whose provisions were incorporated into the ERA 1996, requires employers to ensure that tips, gratuities and service charges are allocated fairly and transparently, and that qualifying tips are passed on in full to workers, rather than being retained by the employer.

Tips must be shared fairly between the workers involved in providing service to customers and must be passed on in full to those workers by the end of the month following the month in which the tips are paid by the customer. Employers are not permitted to make deductions from these tips, gratuities and service charges, except where deductions are already required by law, such as tax.

The law places a strong emphasis on fairness and transparency. Where tips are paid on more than an occasional and exceptional basis, employers must maintain a written tipping policy, setting out how tips are allocated and distributed to workers, and what steps they take to ensure they are handled fairly. Employers must make this policy available to workers so that they are aware of their entitlements.

In addition, such employers are required to maintain a tipping record, setting out details of all the tips received at the place of business and the amount allocated to individual workers. Workers have the right to access their tipping record, to help them understand how tips have been distributed and to check they are receiving their fair share.

The Employment Rights Act 2025

Section 14 of the Employment Rights Act 2025 includes new requirements on consultation and review of employers' tipping policies. The section, which amends section 27I ERA 1996, sets out that, prior to developing the first version of the written policy for a place of business, employers will be required to consult with the representatives of recognised trade unions. Where no recognised trade union is in place, employers must consult other worker representatives or, where no such representatives exist, the workers who are likely to be affected by the policy.

The section also sets out a requirement for the written policy to be reviewed at least once every three years. When reviews take place, employers must follow the same process of consultation with workers. Employers will also be required to make available a written, anonymised summary of the views expressed in the consultation to all workers at the place of business.

The Code of Practice

A statutory Code of Practice on fair and transparent distribution of tips was issued in July 2024 and came into effect in October 2024. It provides guidance about the allocation and distribution of tips, gratuities and service charges and supports employers, workers and others involved in industries where tipping is common.

The Department for Business and Trade held a public consultation between Thursday 5 February and Wednesday 1 April 2026. This sought views on the new requirements on tipping in section 14 of the Employment Rights Act 2025 (ERA 2025), as well as the operation of the existing legislation and guidance. After taking into account the responses to that consultation, the Department has produced a draft revised Code of Practice, which is published alongside this consultation. Please see below for a change log summarising the main, substantive changes which have been made to this draft revised Code of Practice, as compared with the Code of Practice which came into effect in October 2024.

Location	Change
Opening Text and Foreword	Updates to legislation references to incorporate changes made in ERA 2025.
Paragraphs 1-5	Updates to legislation references to incorporate changes made in ERA 2025, including new requirements for review and consultation.
Paragraph 2	Clarification that employers should not rebrand a service charge to avoid the requirements, but that some genuine non-service charges can be permissible.
Paragraph 6	Inclusion in list of new requirements on employers – review of tipping policies; consultation with workers; summary of consultation views.
Paragraphs 13-17	Rearranged structure for greater clarity about how different types of payment may or may not be defined as qualifying tips.
Paragraph 27	Strengthening of language about which workers should be regarded as involved in providing service.
Paragraph 29	Discouraging of fixed/guaranteed tip allocation to specific workers.
Paragraph 30a	Additional context about consideration of factors, to mitigate any risk of equal pay complaint.
Paragraph 31	Encouragement for employers and tribunals to consider entire scheme, rather than isolated examples, to ascertain true fairness.
Paragraphs 33-39	Detailing of new requirements for employers to consult with workers on tipping policies, including guidance on keeping records, applying proportionality and seeking to ensure all groups of workers are properly considered and engaged.
Paragraphs 49-50	Added content about requirement to consult adding to transparency.
Paragraph 57	Encouragement for employers (though not a requirement) to share their tipping policy with customers/the public.

Paragraph 64	Addition of statement that data protection, though important to respect, should not be unduly relied upon to withhold information about tipping records.

Further information about the responses to the February-April 2026 public consultation can be found in the government consultation response document published on 29 June 2026, which is published on Gov.UK - https://www.gov.uk/government/consultations/make-work-pay-strengthening-the-law-on-tipping

Consultation Details

Issued: Wednesday 19 August, 12.00

Respond by: Tuesday 29 September, 23.59

Enquiries and Responses to:

tipping@businessandtrade.gov.uk

Write to:

Wage Policy Team, Employment Rights Directorate
Department for Business, Innovation, Science and Trade
2nd Floor, Old Admiralty Building
Admiralty Place
London
SW1A 2DY

Consultation reference:

Revised Code of Practice on Tipping

Audiences:

- Businesses (including micro businesses, SMEs and large businesses) in tipping industries
- Business Groups or Representatives
- Workers
- Trade Unions
- Employment Lawyers
- Payroll and Accountancy Professionals
- Troncmasters and Tronc Operators
- Non-Governmental Organisations
- Customers
- Members of the Public

- All Other Interested Parties

Territorial extent:
Tipping policy applies to England, Wales and Scotland, as a reserved matter.

It is a devolved matter in Northern Ireland, so does not apply.

How to Respond

Respond online at:
https://ditresearch.eu.qualtrics.com/jfe/form/SV_2oxMpAgwMi7DwOi

or

Email to: tipping@businessandtrade.gov.uk

or

Write to:

Wage Policy Team, Employment Rights Directorate
Department for Business, Innovation, Science and Trade
2nd Floor, Old Admiralty Building
Admiralty Place
London
SW1A 2DY

We encourage that responses are made via the online platform. Using the online survey will assist our analysis of the responses, enabling more efficient and effective consideration of the issues raised.

If you are responding in writing, please make it clear which question or paragraph number each comment relates to.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Confidentiality and Data Protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We are trialling Artificial Intelligence (AI) solutions to support the delivery of our functions. Unless made expressly clear to you, we will not solely use AI to either make or inform decisions about you. We will apply effective data minimisation techniques to all such uses of your data.

Your responses, including any personal data, may be shared with a third-party provider, or other government department or organisation acting on behalf of the Department for Business, Innovation, Science and Trade under contract or an equivalent agreement, for the purpose of analysis and summarising responses for us and they may use technology, such as artificial intelligence. Further detail on how AI is used, including its scope and safeguards and third-party sharing is available in our Privacy Notice.

An anonymised version of responses in a list or summary of responses received, and in any subsequent review reports may be published. We may also share your personal data where required to by law. You can leave out personal information from your response entirely if you would prefer to do so.

Wherever possible avoid including any additional personal data in free-text responses beyond that which has been requested or which you consider it necessary for DBT to be aware of.

We will process your personal data in accordance with all applicable data protection laws. See our privacy policy.

We will publish a government response on GOV.UK.

Quality Assurance

This consultation has been carried out in accordance with the government's consultation principles. If you have any complaints about the way this consultation has been conducted, please email: enquiries@businessandtrade.gov.uk.

About You

Please provide the following information to help us understand the context of your response.

1. Please indicate whether you are responding as:

An individual

An academic, or on behalf of an academic or research organisation

An employer

A legal representative

A business representative organisation (please specify)

A trade union or staff association (please specify)

A charity or interest group

Other (please specify)

2. If responding as an employer, business, business owner or business representative, approximately what is the size of your business? If responding as an individual or worker, what size workplace are you employed in?

Micro (1 to 9 employees)

Small (10 to 49 employees)

Medium (50 to 249 employees)

Large (250+ employees)

Don’t know

Not applicable

3. Which region/country are you located in?

North-East
North-West
Yorkshire and The Humber
East Midlands
West Midlands
East of England
London
South-East
South-West

Wales
Scotland

4. Which sector are you based in?

Accommodation and food service activities

Activities of households as employers; undifferentiated goods and services-producing activities of households for own use

Administrative and support service activities

Arts, entertainment and recreation

Agriculture, forestry and fishing

Construction

Education

Electricity, gas, steam and air conditioning supply

Financial and insurance activities

Human health and social work activities

Information and communication

Manufacturing

Mining and quarrying

Production

Professional, scientific and technical activities

Public administration and defence; compulsory social security

Real estate activities

Services sector

Transportation and storage

Water supply; sewerage, waste management and remediation activities

Wholesale and retail trade; repair of motor vehicles and motorcycles

Other service activities

Consultation

The following questions are about the draft revised statutory Code of Practice on fair and transparent distribution of tips, which has been published alongside this consultation document.

1. Please describe, in as much detail as you would like, your views on the draft revised statutory Code of Practice, including the proposed amendments which have been made from the Code which came into effect in October 2024.

[Free text]

2. Is the draft revised statutory Code of Practice sufficiently clear?

Yes

No

Not Sure

3. What do you consider to be the biggest challenges in adapting to the proposed amendments?

[Free text]

4. Please describe, in as much detail as you would like, any remaining concerns you have about the draft revised statutory Code of Practice.

[Free text]

5. Are there any areas of the draft revised statutory Code of Practice which could be improved to be more helpful or clear?

[Free text]

6. Do you have any other comments about the draft revised statutory Code of Practice?

[Free text]

Next Steps

The consultation will remain open for 6 weeks. It will close on Tuesday 29 September 2026.

After this, the Department for Business, Innovation, Science and Trade will analyse all representations, and take the views of those responding into account. We will publish a full government response and, assuming the Secretary of State decides to proceed with the draft Code, a final draft revised statutory Code of Practice later in 2026. That draft will be laid before Parliament under section 27Q ERA 1996.

It is expected that the new legal requirements introduced by section 14 ERA 2025 and updated Code will respectively come into force and effect in late 2026, subject to the Code being approved by Parliament, but we will confirm the exact arrangements in due course.

Legal disclaimer

Whereas every effort has been made to ensure that the information in this document is accurate, the Department for Business, Innovation, Science and Trade does not accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.

Published by
Department for Business, Innovation, Science and Trade

19 August 2026