
STATUTORY INSTRUMENTS

2024 No. 831

TERMS AND CONDITIONS OF EMPLOYMENT

**The Employment (Allocation of Tips) Act
2023 (Code of Practice on Fair and Transparent
Distribution of Tips) Regulations 2024**

<i>Laid in Parliament</i>	- -	<i>29th July 2024</i>
<i>Made</i>	- - - -	<i>25th July 2024</i>
<i>Coming into force</i>	- -	<i>1st October 2024</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by section 27Q(3) of the Employment Rights Act 1996 (“the 1996 Act”)(1).

Under section 27P(1) of the 1996 Act(2), the Secretary of State may issue a code of practice for the purpose of promoting fairness and transparency in the distribution of qualifying tips, gratuities and service charges(3).

Under section 27Q(1) of the 1996 Act, the Secretary of State proposed to issue a Code of Practice on Fair and Transparent Distribution of Tips (“the Code of Practice on Tips”).

In accordance with section 27Q(1) of the 1996 Act, the Secretary of State consulted the Advisory, Conciliation and Arbitration Service, published a draft of the Code of Practice on Tips, considered any representations made about the draft and modified the draft Code of Practice on Tips accordingly.

Under section 27Q(2) of the 1996 Act, the Secretary of State decided to proceed with the draft Code of Practice on Tips. The Secretary of State laid the draft Code of Practice on Tips before both Houses of Parliament, the draft was approved by resolution of each House and the Secretary of State is issuing the Code of Practice on Tips in the form of that draft.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Employment (Allocation of Tips) Act 2023 (Code of Practice on Fair and Transparent Distribution of Tips) Regulations 2024 and come into force on 1st October 2024.

(2) These Regulations extend to England and Wales and Scotland.

(1) 1996 c. 18. Section 27Q was inserted by section 9 of the Employment (Allocation of Tips) Act 2023 (c. 13).

(2) Section 27P was inserted by section 9 of the Employment (Allocation of Tips) Act 2023.

(3) Qualifying tips, gratuities and service charges are defined in section 27C(2) of the Employment Rights Act 1996 as inserted by section 1 of the Employment (Allocation of Tips) Act 2023.

Appointed day for the Code of Practice on Tips

2.—(1) The Code of Practice on Tips comes into effect on 1st October 2024.

(2) In paragraph (1), “the Code of Practice on Tips” means the code of practice issued by the Secretary of State under section 27P(1) of the Employment Rights Act 1996 on Fair and Transparent Distribution of Tips which was laid in draft before Parliament on 22nd April 2024 and approved by resolution of the House of Commons on 14th May 2024, and by resolution of the House of Lords on 24th May 2024.

25th July 2024

Justin Madders
Parliamentary Under-Secretary of State
Department for Business and Trade

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations bring into effect, on 1st October 2024, the code of practice issued by the Secretary of State under section 27P(1) of the Employment Rights Act 1996 (c. 18) (“the 1996 Act”), as inserted by section 9 of the Employment (Allocation of Tips) Act 2023 (c. 13), to promote fairness and transparency in the distribution of tips, gratuities and service charges that fall within the scope of Part 2B of the 1996 Act (“the Code of Practice on Tips”).

The Code of Practice on Tips sets out certain principles on fairness and transparency for the purposes of Part 2B of the 1996 Act, and how employers should apply these principles in their places of business. It is available on the [GOV.UK](https://www.gov.uk) website. A copy of the Code of Practice on Tips may also be obtained by contacting the Employment Rights Directorate, Department for Business and Trade at Old Admiralty Building, Admiralty Place, London SW1A 2DY.

A full impact assessment has not been prepared for these Regulations or the Code of Practice on Tips because the impacts have been considered in the impact assessment produced in relation to the Employment (Allocation of Tips) Act 2023, which is available at <https://bills.parliament.uk/bills/3197/publications>. A copy may be inspected by contacting the Employment Rights Directorate, Department for Business and Trade at Old Admiralty Building, Admiralty Place, London SW1A 2DY.