

## ***Hands off, employers! There are new rules affecting tips and gratuities in Ontario!***

Effective June 10, 2016, new rules have been introduced around the handling of tips and other gratuities in the workplace. These rules affect employers and employees covered by Ontario's *Employment Standards Act, 2000* ("ESA") in workplaces where tips and gratuities are received, for example bars, restaurants, hair and nail salons, catering firms and taxis.

The ESA was recently amended by Bill 12, *Protecting Employees' Tips Act, 2015* which prohibits employers from withholding, making deductions from, or collecting tips or other gratuities from employees unless specifically permitted under the ESA.

A noteworthy exemption to this new prohibition relates to "pooling" tips and gratuities. In particular, employers are permitted to withhold, make deductions from, or require the collection of tips or other gratuities if the employer redistributes the tips or gratuities to all or some of its employees.

Keep in mind that the ESA specifically precludes the employer from sharing in tips or gratuities unless the employer is a sole proprietor, partner, shareholder or director and performs the same work, to a substantial degree, of its employees.

Similar legislation is already in place in Quebec, New Brunswick, Newfoundland, and Prince Edward Island.

If your employees earn tips or other gratuities and you would like to discuss how these amendments may impact your workplace, please contact our Client Care Team to speak to an e2r Advisor.