



# DOES

Department of  
**EMPLOYMENT SERVICES**



DEPARTMENT OF EMPLOYMENT SERVICES

# **TIPPED EMPLOYEE QUARTERLY WAGE REPORTS**

## **PUBLIC EDUCATION CAMPAIGN**

**D.C. Office of Wage-Hour  
Labor Standards Bureau**



**District of Columbia  
Muriel Bowser, Mayor**

**Department of Employment Services  
Dr. Unique Morris-Hughes, Interim  
Director**

## ABOUT THE MODERATOR

- Your moderator for today is a **member of the Office of Wage-Hour** with D.C. Department of Employment Services..
- The **Office of Office of Wage-Hour** conducts compliance audits and works to recover unpaid wages for employees who have not been paid pursuant to DC wage laws, either administratively or through court action.
- **Wage-Hour compliance** involves ensuring adherence to the wage laws of the District of Columbia by holding employers accountable when wages are not paid to employees who have performed work in the District.

# AGENDA

- I. Tipped Employee Legislation
- II. Employer Reporting Requirements
- III. Overview of the Internet Portal
- IV. Other Special Considerations

## Tipped Employee Law

*D.C. Code § 32-1003(f)(1). (Employers may pay a Tipped Minimum Wage)*

As of July 1, 2018, the minimum wage required to be paid by any employer in the District of Columbia to any employee who receives tips/gratuities shall be **\$ 3.89 an hour**, provided that the employee actually receives tips/gratuities in an amount at least equal to the difference between the hourly wage paid and the **minimum wage**. Beginning on July 1, 2019 employee who receives tips/gratuities shall be **\$ 4.45 an hour**

- July 1, 2018 – June 30, 2019 Full Minimum Wage = **\$13.25 per hour**
  - Tipped Minimum Wage = **\$3.89 per hour**
  - Maximum Tip Credit now = **\$9.36 per hour (\$13.25-\$3.89)**
- July 1, 2019 – June 30, 2020 Minimum Wage = **\$14.00 per hour**
  - Tipped Minimum Wage = **\$4.45 per hour**
  - Maximum Tip Credit = **\$9.55 per hour (\$14.00-\$4.45)**

## Tipped Employee Law

U.S. Department of Labor  
Wage and Hour Division



### Fact Sheet #15: Tipped Employees Under the Fair Labor Standards Act (FLSA)

This fact sheet provides general information concerning the application of the [FLSA](#) to employees who receive tips.

#### Characteristics

Tipped employees are those who customarily and regularly receive more than \$30 per month in tips. Tips are the property of the employee. The employer is prohibited from using an employee's tips for any reason other than as a credit against its minimum wage obligation to the employee ("tip credit") or in furtherance of a valid tip pool. Only tips actually received by the employee may be counted in determining whether the employee is a tipped employee and in applying the tip credit.

**Tip Credit:** Section 3(m) of the FLSA permits an employer to take a tip credit toward its minimum wage obligation for tipped employees equal to the difference between the required cash wage (which must be at least \$2.13) and the federal minimum wage. Thus, the maximum tip credit that an employer can currently claim under the FLSA is \$5.12 per hour (the minimum wage of \$7.25 minus the minimum required cash wage of \$2.13).

**Tip Pool:** The requirement that an employee must retain all tips does not preclude a valid tip pooling or sharing arrangement among employees who customarily and regularly receive tips, such as waiters, waitresses, bellhops, counter personnel (who serve customers), bussers, and service bartenders. A valid tip pool may not include employees who do not customarily and regularly receive tips, such as dishwashers, cooks, chefs, and janitors.

#### Requirements

The employer must provide the following information to a tipped employee before the employer may use the tip credit:

- 1) the amount of cash wage the employer is paying a tipped employee, which must be at least \$2.13 per hour;
- 2) the additional amount claimed by the employer as a tip credit, which cannot exceed \$5.12 (the difference between the minimum required cash wage of \$2.13 and the current minimum wage of \$7.25);
- 3) that the tip credit claimed by the employer cannot exceed the amount of tips actually received by the tipped employee;
- 4) that all tips received by the tipped employee are to be retained by the employee except for a valid tip pooling arrangement limited to employees who customarily and regularly receive tips; and

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**Federal Requirements. (To pay the \$2.77 tipped wage)**

**PLEASE NOTE:** DC'S requirements are higher than the Federal requirements in that:

- 1) the hourly rate an employer must pay a tipped employee must not be less than **\$3.89** per hour;
- 2) the additional amount claimed by the employer as a tip credit, cannot exceed **\$9.36** (the difference between the minimum "Employer Paid" wage of **\$3.89** and the current "Full" minimum wage of **\$13.25**);

## Tipped Employee Law

*D.C. Code § 32-1003. Requirements. (To pay the \$3.89 tipped minimum wage)*

- (g) (1)** The employee receiving tips **has been informed** by the employer...
- ❖ Can use Notice of Hire document (Next Slide)
- (2)** All gratuities received by the employee **have been retained by the employee**, except that this provision shall not be construed to prohibit the **pooling of gratuities among employees who customarily receive gratuities**.
- ❖ ... such as waiters, waitresses, valets, counter personnel (who serve customers), bussers, and service bartenders. A valid tip pool may **NOT include employees who do not customarily and regularly received tips, such as managers, dishwashers, cooks, chefs, and janitors.** (**Reference:** US DOL Fact Sheet #15 “Tipped Employees under FLSA”)



## NOTICE OF HIRE – EMPLOYMENT STATUS AND ACKNOWLEDGEMENT OF WAGE RATE(S)

<p style="font-size: small;">Notice of Hire (Check only one)</p> <p> <input type="checkbox"/> At Hire              <input type="checkbox"/> Current Employee              <input type="checkbox"/> Annual-Current Date _____              <input type="checkbox"/> Change in pay rate(s) or payday         </p> <p style="text-align: center;">Effective Date: ___/___/___</p>	
<b>Section 1</b>	
<p style="font-size: small; margin: 0;"><b>Employer</b></p> <p>Company Name: _____</p> <p>DBA: _____</p> <p>Permanent Address: _____</p> <p>Street Line 2: _____</p> <p>City: _____ State: _____</p> <p>Zip Code: _____</p> <p>Mailing Address: <input type="checkbox"/> Same as Physical Address</p> <p>_____</p> <p>Street Line 2: _____</p> <p>City: _____ State: _____ Zip Code: _____</p> <p>Phone: (____) _____-_____</p>	<p style="font-size: small; margin: 0;"><b>Employee</b></p> <p>Employee Name: _____</p> <p>Physical Address: _____</p> <p>City: _____ State: _____</p> <p>Zip Code: _____</p> <p>Mailing Address: <input type="checkbox"/> Same as Physical Address</p> <p>_____</p> <p>Street Line 2: _____</p> <p>City: _____ State: _____ Zip Code: _____</p> <p>Phone: (____) _____-_____</p>
<b>Section 2</b>	
<p><b>Pay Frequency and Payday</b></p> <p>Pay Frequency: _____ Designated Pay Day: _____</p> <p>(Weekly, bi-weekly, semi-monthly, monthly, etc.) (Day of week when wages are payable/available)</p>	
<b>Section 3</b>	
<p><b>Allowances Claimed As Part of Wages:</b> <input type="checkbox"/> None, or:</p> <p> <input type="checkbox"/> Tips        \$ _____ per hour  <input type="checkbox"/> Meals      \$ _____ per meal  <input type="checkbox"/> Lodging    \$ _____ per _____  <input type="checkbox"/> Other        \$ _____ per _____         </p>	
<b>Section 4</b>	
<p><b>Tipped Employees</b></p> <p>As of January 1, 2005, the minimum wage required to be paid by any employer in the District of Columbia to any employee who receives gratuities shall be <b>\$2.77</b> an hour, provided that the employee actually receives gratuities in an amount at least equal to the difference between the hourly wage paid and the minimum wage. Also, all gratuities received by the employee must be retained by the employee. This employee (will or will not) participate in the following company tip pool:</p> <p><b>Tip Pool Policy:</b> (Explain if applicable)</p>	



## Tipped Employee Law

*D.C. Code § 32-131.02. Provisions of Paid Leave.*

**(g)** Notwithstanding the requirements in subsections (a)(1)-(4) of this section, for an employee of a restaurant or bar who regularly receive [sic] tips, commissions, or other gratuities to supplement a base wage that is below the minimum wage as established in § 32-1003(5)(A), the employer shall provide the employee not less than one hour of paid leave for every 43 hours worked, not to exceed 5 days per calendar year. The paid leave shall be compensated in accordance with the District minimum wage, as established in § 32-1003.

**\*NOTE:** Unpaid leave is not required to be paid when an employee resigns, is terminated, or laid off; unless it is the policy of the company to do so.

## Employer Reporting Requirements

*D.C. Code § 32-1009.01. Notice requirements for tipped wages.*

(a) An employer who employs an employee who....

- Receives gratuities , and
- Is paid at least the **\$3.89** tipped minimum wage

shall submit a quarterly wage report **within 30 days** of the end of each quarter to the Mayor certifying that the employee was paid the required minimum wage.

## Employer Reporting Requirements

*D.C. Code § 32-1009.01. Notice requirements for tipped wages.*

**(b) (1)** The Mayor shall create an **Internet-based portal** for online reporting of the quarterly wage reports required by subsection (a) of this section.

**(2)** An employer shall **submit** its quarterly wage reports **online** unless the employer claims that online reporting *creates a hardship*, in which case the employer shall submit its reports in hard-copy form.



# Department of Employment Services

Washington, DC's lead workforce development and labor agency

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Employment Services

MURIEL BOWSER  
MAYOR



ODIE DONALD II  
DIRECTOR

Report Quarter Ending:

**March 31, 2017**

Return by:

**April 30, 2017**

Mail To:

OFFICE OF Wage-Hour  
4058 Minnesota Ave. NE, Ste 3600  
Washington, DC 20019  
(202) 671-1880

1. Corporate Name/Trade Name:

2. Main Business Address:

3. Business Email Address:

Employee Name (First and Last)	Employer Paid Hourly Rate	Total Hours Worked This Quarter	Gross Wages Paid By Employer This Quarter	Total Amount of Reported Tips This Quarter

I certify that the information contained therein is accurate and true.

Print Full Name \_\_\_\_\_

Signature of Company Representative/Owner \_\_\_\_\_

\_\_\_\_\_  
Contact Person

\_\_\_\_\_  
Today's Date

\_\_\_\_\_  
Telephone Number

(Mail Original Only)



## Tipped Wage Report

### Employer Self-Service Portal

DOES has created an Internet-based Portal for reporting Tipped Wages in conjunction with the for UI Tax Quarterly Wage submissions.

 The District of Columbia

Department of Employment Services

Information for Employers

D.C. Unemployment Law

D.C. Unemployment Regulations

Help & Support

Contact Us

FAQ



### Welcome to DOES Employer Self Service Portal

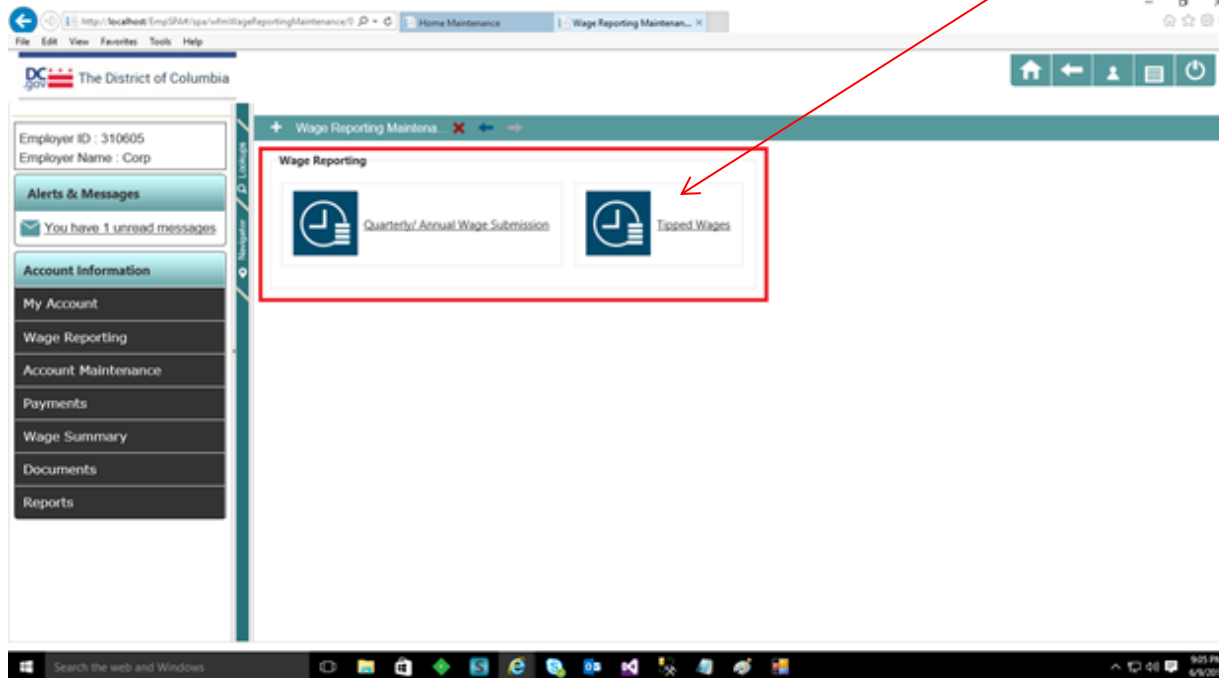
Employers who have paid wages in covered employment must register for an employer account. After the registration is complete you will receive an Employer Identification Number (EIN) and can begin to file wage reports and maintain your account via the online system.

- [Login to your Account](#) - if you have an account registered with Employer Self Service Portal.
- [Register for a new Account](#) - if you do not have an account with Employer Self Service Portal.
- [Continue Registration for an Account](#) - if you wish to continue the registration process.

## Tipped Wage Report

### Wage Reporting Options

This screen displays an option for the employer to complete both the Quarterly Wage Submission for UI Tax and the Quarterly Tipped Wage Report for OWH.

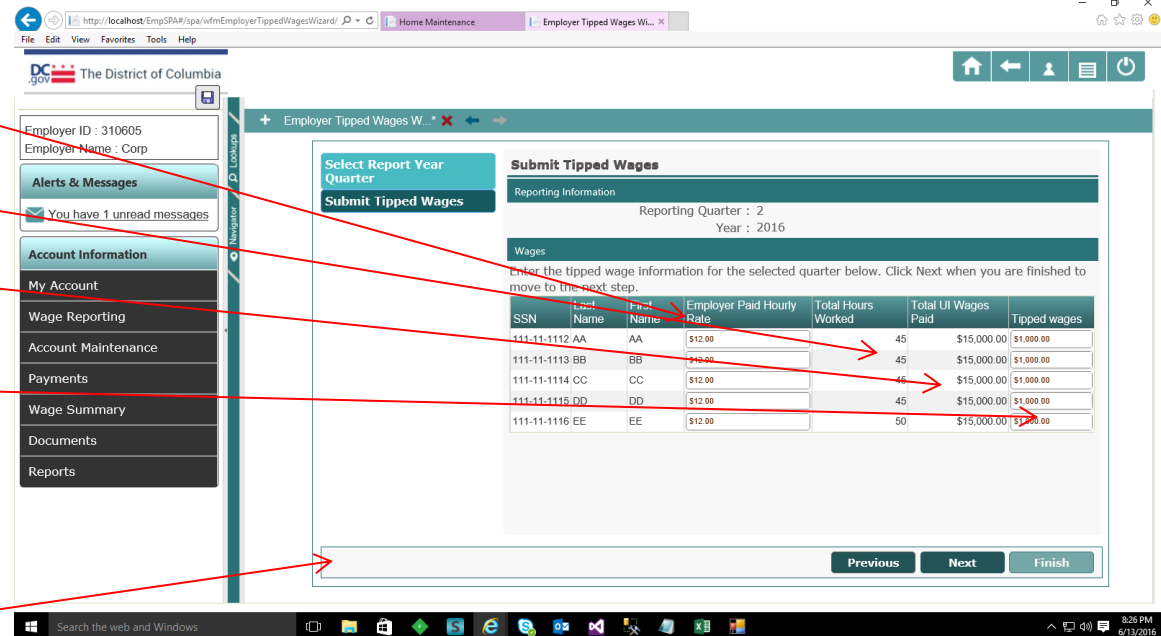


## Tipped Wage Report

### Submit Tipped Wages

This screen allows the user to adjust or enter data for employees wages provided in the UI Tax Wage Submission.

1. Employer Paid Rate
2. Total Hours Worked
3. Gross Wages from Employer
4. Tips Reported
5. Certification of Minimum Wages



The screenshot shows a web browser window with the URL `http://localhost:EmpSPA#/spa/wfm/EmployeeTippedWagesWizard/`. The page title is "Employer Tipped Wages Wizard". The main content area is titled "Submit Tipped Wages" and includes a "Reporting Information" section with "Reporting Quarter : 2" and "Year : 2016". Below this is a table with the following data:

SSN	First Name	Last Name	Employer Paid Hourly Rate	Total Hours Worked	Total UI Wages Paid	Tipped wages
111-11-1112	AA	AA	\$12.00	45	\$15,000.00	\$1,000.00
111-11-1113	BB	BB	\$12.00	45	\$15,000.00	\$1,000.00
111-11-1114	CC	CC	\$12.00	46	\$15,000.00	\$1,000.00
111-11-1115	DD	DD	\$12.00	45	\$15,000.00	\$1,000.00
111-11-1116	EE	EE	\$12.00	50	\$15,000.00	\$1,200.00

Red arrows from the list on the left point to the following cells in the table:

- 1. Employer Paid Rate: Points to the "Employer Paid Hourly Rate" column.
- 2. Total Hours Worked: Points to the "Total Hours Worked" column.
- 3. Gross Wages from Employer: Points to the "Total UI Wages Paid" column.
- 4. Tips Reported: Points to the "Tipped wages" column.
- 5. Certification of Minimum Wages: Points to the "Next" button at the bottom of the table.

**I, an authorized agent of the company, certify that the employees included in the report have been paid the required minimum wage.**

## Special Considerations

SSN	Last Name	First Name	Employer Paid Hourly Rate	Total Hours Worked	Gross Wages Paid by Employer	Total Amount of Reported Tips
111-11-1112	AA	AA	\$ 3.89	100	\$ 389.00	\$ 936.00
111-11-1112	AA	AA	\$ 10.52	100	\$ 1,052.00	\$ 935.00
111-11-1113	BB	BB	\$ 3.89	100	\$ 815.00	\$ 510.00
111-11-1113	BB	BB	\$ 10.52	100	\$ 1,297.00	\$ 690.00

- Tipped Minimum Wage Rate
- OT Tipped Minimum Wage Rate
- Gross Wages are paid by the Employer
- Reported Tips are received by employee from Customers or Tip Pool



## Special Considerations

SSN	Last Name	First Name	Employer Paid Hourly Rate	Total Hours Worked	Gross Wages Paid by Employer	Total Amount of Reported Tips
111-11-1112	AA	AA	\$ 3.33	100	\$ 333.00	\$ 917.00
111-11-1112	AA	AA	\$ 9.58	100	\$ 958.00	\$ 917.00
111-11-1113	BB	BB	\$ 3.33	100	\$ 740.00	\$ 510.00
111-11-1113	BB	BB	\$ 9.58	100	\$ 1,185.00	\$ 690.00

- Employees should receive at least \$12.50 minimum wage for Regular Hours Worked:  
 $(\$333 + \$917) = \$1,250.00 / 100 \text{ hours} = \$12.50/\text{hr}$
- Employees should receive at least \$18.75 OT minimum wage for OT Hours Worked  
 $(\$1,185 + \$690) = \$1,875 / 100 \text{ hours} = \$18.75/\text{hr}$

## Special Considerations

From July 1, 2017 to June 30, 2018

### HOW TO COMPUTE OVERTIME PAY WHEN A TIPPED EMPLOYEE WORKS OVERTIME

The absolute minimum rate an employer may pay an employee who earns gratuities is \$3.33 per hour. The overtime rate is half of the **full minimum wage plus the employee's regular rate of pay**. Since the minimum wage increased to \$12.50 on July 1, 2017, the overtime rate of pay for an employee earning \$3.33 is  
 $\$6.25 + \$3.33 = \underline{\$9.58}$ .

For example, a tipped employee earning \$3.33 service rate worked 42 hours in one week. The total pay is calculated as follows:  
 $\$3.33 \times 40 \text{ hours} = \$133.20$ ;  
 $\$9.58 \times 2 \text{ hours} = \$19.16$ ;  $\$133.20 + \$19.16 = \underline{\$152.36}$  total wages due.

Another example is an employee earning \$5.15 per hour. The overtime rate is calculated as follows:  $\$6.25 + \$5.15 = \underline{\$11.40}$  overtime rate.

If an employee works at two or more rates, overtime is computed based upon the weighted average as follows: Total gross pay divided by total hours worked equals the weighted average. Since all straight-time hours have been paid at the two separate rates, additional half-time pay is required when in excess of 40 hours is worked in a workweek. Hence, one half of the new regular rate (the weighted average) multiplied by the total number of overtime hours worked equals the additional pay required by law.

## Special Considerations

The following is an example of an employee working at two different rates.

An employee works as both a waiter, at \$3.33 per hour, and host, at \$15.00 per hour. He works 25 hours as a waiter, (25 x \$3.33 equals \$83.25), and 25 hours as a host, (25 x \$15.00 equals \$375.00). The weighted average between both rates is derived by multiplying \$12.50 (the full minimum wage) by 25 hours, which equals \$312.50. Add \$312.50 to \$375.00 and that equals \$687.50, which you then divide by the total number of hours worked, 50, and you get the weighted average of **\$13.75**. Since all straight-time hours have been paid, the additional half-time rate required to be paid is **\$6.88** (1/2 of \$13.25) multiplied by 10 overtime hours equals an additional \$68.80 to be paid, for a total payment of \$527.05.

If a tipped employee works at various sub-minimum rates, the employer simply pays the additional overtime premium by multiplying the total number of hours worked in excess of 40 by one half of the **full minimum wage** and the result is the additional premium pay due the employee as explained in the following example.

An employee works 12 hours as a waiter earning \$3.33/hour ( $\$3.33 \times 12 \text{ hours} = \$39.96$ ), 30 hours as a bartender earning \$3.50/hour ( $\$3.50 \times 30 \text{ hours} = \$105$ ), and 10 hours as a busboy earning \$5.00/hour ( $\$5.00 \times 10 \text{ hours} = \$50$ ). The premium pay for the overtime is \$12.50 (the full minimum wage) divided by 2 = **\$6.25** --the rate of pay for the additional half-time due the employee for the overtime hours worked. The employee worked a total of 52 hours so the employee must be paid  $\$6.25 \times 12 \text{ overtime hours} = \$75.00$  (the half-time due the employee). The total remuneration for the employee is \$269.96.

\*Remember: All categories of pay must be itemized on both the payroll record and the employee's itemized wage statement (pay stub)—the regular rate/regular hours worked/regular gross wages; the overtime rate/overtime hours worked/overtime gross wages. Do not combine both sets of hours together and do not combine both sets of wages together. This same rule applies to paid time off, e.g., holiday pay, vacation pay, sick pay. Different types of pay must always be itemized

# Introduction to the Fair Shot Minimum Wage

As of July 1, 2018, minimum wage increased to \$13.25/hour.

MW Increase Date	1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20
<b>Full Minimum Wage Amount</b>	\$11.50	\$12.50	\$13.25	\$14.00	\$15.00
<b>Tipped Minimum Wage</b>	\$2.77	\$3.33	\$3.89	\$4.45	\$5.00
<b>Maximum Tip Credit</b>	\$8.73	\$9.17	\$9.36	\$9.55	\$10.00



## ADDITIONAL INFORMATION

For copies of these and other wage laws,  
please visit: [www.does.dc.gov](http://www.does.dc.gov)

For questions or concerns, please contact the D.C. Office of Wage-Hour at Phone: **202-671-1880** Email: **OWH.ASK@dc.gov**

Office hours:

8:30 a.m. to 4:30 p.m. – Monday through Thursday

9:30 a.m. to 4:30 p.m. – Friday