

Tips in the catering industry in Poland - how to settle and record them

Igor Kyrzewski · 19.09.2025 · Kadry i Płace – Spółki, Kadry i Płace – JDG, Księgowość – JDG, Księgowość – Spółki

1. Forms of Giving Tips

a) Cash Tip Given Directly to the Waiter

- The customer hands it directly to the employee.
- Most often, it **does not go through the cash register or the employer's account**.
- In practice, it is considered an employee's income, but tax authorities treat it differently:
 - If the tip **is not regulated by the rules** and the **employer has no control over it** → it does not constitute income for the employer, but rather a personal income for the employee.
 - If tips are **managed by the company** (e.g., a shared pool, dividing according to a schedule), then **the income arises for the employer**, and subsequently giving it to the employee is a component of their remuneration.

b) Tip Added to the Bill and Paid by Card

- It goes to the restaurant's account along with the payment for the service.
- **It always constitutes income for the entrepreneur**, because the money formally enters the company's account.
- Settlement towards employees is an item on the payroll (taxed and subject to social security contributions just like remuneration).

c) Tip Jar / Shared Can at the Bar

- Collected in the venue and then divided among employees.
- Tax authorities usually recognize that **this is employees' income**, but if the owner decides on the division, it may be classified as company income.

2. How to Legally Transfer Tips to Employees?

- **Scenario A - Direct Cash Tip for the Waiter**
 - The employer does not record it.
 - The employee should report it in their personal tax return as "other sources of income" (Article 20, paragraph 1 of the Personal Income Tax Act).
 - In practice, this rarely happens, but it is a formal obligation.
- **Scenario B - Tip Influx into the Company's Cash Register (e.g., card payment)**
 - The company records it as income.
 - It is then paid to the employee as part of their salary or bonus.
 - This requires the addition of income tax (PIT-4) and social security contributions.
 - **Scenario C - Shared Tip Pool**
 - If employees divide it among themselves (without employer involvement) → their personal income.
 - If divided by the employer → company income + an element of the payroll.

3. Accounting Records

- **Cash Tips without Employer Control** → no obligation to record in the company's books.
- **Tips via Terminal** → recorded in the simplified accounting books as sales income.
- **Distribution for Employees** → booked as wage costs (account 40x / 23x in full accounting).

4. Recommendations for Accounting Office Clients

1. **Establish a clear policy** – specify whether tips are the property of the employee or the company.
2. **For card tips** – always treat them as company income and settle them on the payroll.
3. **For cash tips** – remember that formally the employee has an obligation to report them in their personal tax return, although market practice may differ.
4. **Maintain good documentation** – e.g., an internal memo on how tips are divided, to avoid disputes with the tax office.
5. **Communication with Employees** – explain that for card tips, part of the "tip" goes through the tax-accounting system.

5. Why Paying Out Card Tips “Cash Out” Outside the Payroll is Risky

- If the tip enters the company's account as part of the card payment, **it is formally company income** and tax authorities expect this income to be recorded and properly processed when paid out to the employee (including taxes and contributions).
- In practice, tax authorities and tax advisors increasingly emphasize that non-cash tips (card) are not the “private” property of the waiter until they are separated from the company’s transactions and settled according to regulations. This means — if they go through the terminal → they should be settled by the employer.
- Attempting to pay out from the cash register (in cash) and then “refund yourself” by bank transfer from the company's account as an expense → looks like an attempt to evade tax obligations and may be questioned by the tax office as improper withdrawal of funds / concealing income.

6. Realistic and Safe Courses of Action (Recommended)

1. **Card Tips → Company → Payroll Settlement (Preferred)**

1. Record the inflow as sales income (terminal).
2. Create a company policy (regulations) regarding tips: whether they are part of the salary, whether they go into a shared pool, and how they are divided.
3. Pay them to employees as a “bonus”/allowance on the payroll; calculate PIT and social security contributions according to the regulations.

2. **Shared Pool (Cash Pooling) with Documentation**

1. Terminal tips are credited to the company's account → record the inflow. Deposit the money into the “tip pool” and keep a record of who received how much (e.g., by hours/schedules).
2. Each month you settle this pool through payroll, or you issue internal documents confirming the allocation (settled as employee income).

3. **Hybrid Model: Part Net Paid “On Hand,” the Rest Through Payroll** — only if you have very clear, documented, and tax-accepted principles; in practice, you still need to tax most of it. (Recommended: consultation with a tax advisor and drafting regulations).

7. What About VAT?

- Tips as such are usually *not* additionally subject to VAT (VAT applies to service/meals), but the way tips are recorded in sales documentation may require clarification in case of an inspection. If tips are only passed to employees and do not increase the company's sales value (i.e., they are segregated), the VAT issue is less fundamental — the most important are PIT and social security contributions. However, when tips go to the company account and the company pays them out, tax authorities expect full transparency.

8. Risks of “Cash-Out” Without Payroll

- Questioning as undocumented payments → tax corrections, interest, fines.

- Employer liability risk as the payer (lack of withheld advances, lack of contributions).

9. What I Recommend (Practically)

1. **Introduce a Simple Tip Policy** (who and according to what rules divides, how we record card payments and payouts).
2. **For Card Tips:** treat them as company revenue and settle them through payroll (the simplest and least risky).
3. **Document Everything** (terminal reports, division list, employer's decision).
4. If you want to minimize employee burdens (e.g., to target employees with lower net deductions), consider a bonus structure or additional benefits, but do this through HR/payroll and a tax advisor.

Summary:

- If the money passes through the company → taxes and social security contributions.
- If the customer gives a tip privately to the employee → theoretically the employee's obligation in PIT, but outside the company's control.
- The safest practice: regulations + full accounting transparency for card tips.