

# Allowable Tip Credit for Employers Subject to the Montgomery County Minimum Wage

A tip credit can only be applied if the employee

- (i) is engaged in an occupation in which the employee customarily and regularly receives more than \$30 each month in tips;
- (ii) has been informed by the employer about the provisions of the tip credit section of the Maryland Wage and Hour Law; and
- (iii) has kept all of the tips that the employee received. This does not prohibit the pooling of tips.

Tip Credit calculations for **LARGE** employers subject to the **Montgomery County** Minimum Wage Rate. A "Large employer" is an employer who employs 51 or more employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>LARGE EMPLOYER</b>
7/1/24	\$4.00	\$13.15	\$17.15
7/1/25	\$4.00	\$13.65	\$17.65

Tip Credit calculations for **MID-SIZED** employers subject to the **Montgomery County** Minimum Wage Rate. A "Mid-sized" is an employer who employs 11 to 50 employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>MID-SIZED EMPLOYER</b>
7/1/24	\$4.00	\$11.50	\$15.50
7/1/25	\$4.00	\$12.00	\$16.00

Tip Credit calculations for **SMALL** employers subject to the **Montgomery County** Minimum Wage Rate. A "Small employer" is an employer who employs 10 or fewer employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>SMALL EMPLOYER</b>
7/1/2025	\$4.00	\$11.50	\$15.50

In general, **OVERTIME** is calculated at 1.5 times the usual hourly wage rate for each hour over 40 hours that an employee works during one workweek. The same tip credit for straight time can be applied to overtime hours.

**Overtime** Tip Credit calculations for **LARGE** employers subject to the **Montgomery County** Minimum Wage Rate: A "Large Employer" is an employer who employs 51 or more employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>LARGE EMPLOYER</b>
7/1/24	\$12.58	\$13.15	\$25.73
7/1/25	\$12.83	\$13.65	\$26.48

**Overtime** Tip Credit calculations for **MID-SIZED** employers subject to the **Montgomery County** Minimum Wage Rate. A "Mid-sized employer" is an employer who employs between 11-50 employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>MID-SIZED EMPLOYER</b>
7/1/24	\$11.75	\$11.50	\$23.25
7/1/25	\$12.00	\$12.00	\$24.00

**Overtime** Tip Credit calculations for **SMALL** employers subject to the **Montgomery County** Minimum Wage Rate: A "Small Employer" is an employer who employs 10 or fewer employees.

Effective Date	Employer Requirement	Tip Credit Allowed	Total Hourly Rate Due <b>SMALL EMPLOYER</b>
1/1/24	\$11.50	\$11.00	\$22.50
7/1/25	\$11.75	\$11.50	\$23.25*

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