



What is a TRONC scheme & do I need one?

A tronc scheme is a separate organised pay arrangement used to distribute tips, gratuities and service charges to employees. Largely tronc schemes are used in the leisure and hospitality sector.

A TRONCMaster (person who runs the tronc scheme) must run a separate payroll (separate PAYE scheme) from that used to process employees hourly / salary pay and report the 'tip' information paid to employees to HMRC.

The decision to appoint a troncmaster solely lies with the business requiring a tronc scheme.

How money is divided	What to pay
You decide how the tronc money is divided	You pay PAYE tax and NICs
The troncmaster decides how the money is divided	Troncmaster pays PAYE tax - no NICs are due
Someone else, who's not acting for you, decides how the payments are distributed	Troncmaster pays PAYE tax - no NICs are due

If National Insurance contributions are due to be paid, as set out above, you must include the amount paid via the tronc scheme on the 'standard' employees' payroll so that required NIC payments are calculated.

Benefits of running a tronc scheme mean employees feel motivated as they can get up to 100% of their hard-earned tips, gratuities, or service with the knowledge they have a say in how they are shared out.

Benefits to businesses mean exempt National Insurance contributions.

If you would like any advice on tronc schemes, please contact our Payroll Department at Payroll@burgesshodgson.co.uk