

§ 531.1

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Subpart C—Interpretations

- 531.25 Introductory statement.
- 531.26 Relation to other laws.

HOW PAYMENTS MAY BE MADE

- 531.27 Payment in cash or its equivalent required.
- 531.28 Restrictions applicable where payment is not in cash or its equivalent.
- 531.29 Board, lodging, or other facilities.
- 531.30 “Furnished” to the employee.
- 531.31 “Customarily” furnished.
- 531.32 “Other facilities.”
- 531.33 “Reasonable cost”; “fair value”.
- 531.34 Payment in scrip or similar medium not authorized.
- 531.35 “Free and clear” payment; “kick-backs”.

PAYMENT WHERE ADDITIONS OR DEDUCTIONS ARE INVOLVED

- 531.36 Nonovertime workweeks.
- 531.37 Overtime workweeks.

PAYMENTS MADE TO PERSONS OTHER THAN EMPLOYEES

- 531.38 Amounts deducted for taxes.
- 531.39 Payments to third persons pursuant to court order.
- 531.40 Payments to employee’s assignee.

Subpart D—Tipped Employees

- 531.50 Statutory provisions with respect to tipped employees.
- 531.51 Conditions for taking tip credits in making wage payments.
- 531.52 General characteristics of “tips.”
- 531.53 Payments which constitute tips.
- 531.54 Tip pooling.
- 531.55 Examples of amounts not received as tips.
- 531.56 “More than \$30 a month in tips.”
- 531.57 Receiving the minimum amount “customarily and regularly.”
- 531.58 Initial and terminal months.
- 531.59 The tip wage credit.
- 531.60 Overtime payments.

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Subpart A—Preliminary Matters

§ 531.1 Definitions.

(a) *Administrator* means the Administrator of the Wage and Hour Division or his authorized representative. The Secretary of Labor has delegated to the

Administrator the functions vested in him under section 3(m) of the Act.

(b) *Act* means the Fair Labor Standards Act of 1938, as amended.

§ 531.2 Purpose and scope.

(a) Section 3(m) of the Act defines the term “wage” to include the “reasonable cost”, as determined by the Secretary of Labor, to an employer of furnishing any employee with board, lodging, or other facilities, if such board, lodging, or other facilities are customarily furnished by the employer to his employees. In addition, section 3(m) gives the Secretary authority to determine the “fair value.” of such facilities on the basis of average cost to the employer or to groups of employers similarly situated, on average value to groups of employees, or other appropriate measures of “fair value.” Whenever so determined and when applicable and pertinent, the “fair value” of the facilities involved shall be includable as part of “wages” instead of the actual measure of the costs of those facilities. The section provides, however, that the cost of board, lodging, or other facilities shall not be included as part of “wages” if excluded therefrom by a bona fide collective bargaining agreement. Section 3(m) also provides a method for determining the wage of a tipped employee.

(b) This part 531 contains any determinations made as to the “reasonable cost” and “fair value” of board, lodging, or other facilities having general application, and describes the procedure whereby determinations having general or particular application may be made. The part also interprets generally the provisions of section 3(m) of the Act, including the term “tipped employee” as defined in section 3(t).

Subpart B—Determinations of “Reasonable Cost” and “Fair Value”; Effects of Collective Bargaining Agreements

§ 531.3 General determinations of “reasonable cost.”

(a) The term *reasonable cost* as used in section 3(m) of the Act is hereby determined to be not more than the actual