

## FOLLOWING \$100 MILLION SETTLEMENT, TIPPING UBER DRIVERS IS NOW ON THE MENU

BY SEUNG LEE ON 4/22/16 AT 10:00 PM



Uber has faced legal trouble in a number of European capitals, where authorities claim the ride-sharing service's drivers have to abide by local law. LUCY NICHOLSON/REUTERS

On [Uber's FAQ page](#), the ride-sharing company rhetorically asks a question which asks if passengers need to pay tips to their drivers. "You don't need cash when you ride with Uber. Once you arrive at your destination, your fare is automatically charged to your credit card on file—there's no need to tip," writes Uber.

But starting Friday, there is now a need to tip.

As a part of a \$100 million settlement case (actually \$84 million for now plus \$16 million add-ons if and when Uber goes public) announced Thursday night between Uber and its drivers based in California and Massachusetts, Uber will be allowed to keep its drivers under an independent contractor classification rather than an employee.

But by keeping its precious contractor label, thus avoiding being subject under a myriad of employee protections like overtime and health care, Uber is making small but important changes. For one, Uber can neither deactivate drivers at will or for not accepting a minimum percentage of ride requests they receive.

The company will also form and recognize an appeals panel of drivers and a driver association to engage with in "good-faith discussions" on a quarterly basis. Those who drove more than 25,000 miles will receive over \$8,000 in compensation.

But more pertinently to tipping, Uber will now notify riders that the tip is not included in the fares.

"Drivers will be able to place signs in their cars informing riders that tips are not included, and while they are not required, they would be appreciated," says Shannon Liss-Riordan, the attorney representing the drivers, in a statement. "By Uber making clear to riders that tips are not included, we believe that many riders will now tip their Uber drivers because riders have been under the impression from Uber's prior communications that tips are included in the fares."

Uber founder and CEO Travis Kalanick made no mention of drivers asking for tips on his statement about the settlements. "Uber is a new way of working: it's about people having the freedom to start and stop work when they want, at the push of a button," Kalanick writes.

Uber's main competitor in the United States, Lyft, has had a tip option at the end of the ride. Kalanick has long resisted the idea of Uber asking for tips and previously included tipping calculated into the fare, which was the impetus for the lawsuit.