

# Overtime Deduction Provision in H.R. 1

## WHAT YOU NEED TO KNOW

H.R. 1 includes a provision that would allow some workers to deduct certain overtime payments from their **federal** taxable income. While this may provide tax relief for some CSEA members, the overall impact will vary depending on individual circumstances.

**If you have specific questions on how this applies to your personal tax situation, please consult a tax professional.**

## KEY POINTS:

### ▪ Who Qualifies

- Individuals earning \$150,000 or less
- Married couples filing jointly earning \$300,000 or less

### ▪ When It Applies

- Tax years 2025 through 2028 only

### ▪ What Can Be Deducted

- Up to \$12,500 per year for individuals
- Up to \$25,000 per year for couples filing jointly
- For those earning above the income thresholds, the deduction is reduced by \$100 for every \$1,000 in additional income

### ▪ What Counts as “Overtime”

- Overtime required under the Fair Labor Standards Act that’s paid above your regular rate of pay

### ▪ Other Requirements

- You must have a Social Security number when filing
- Employers will be required to report overtime separately on your W-2

### ▪ Where Is It Deductible?

- This provision applies only to federal income taxes — it does not affect your state or local income taxes

## ABOUT H.R. 1

Signed into Law on July 4, 2025, this sweeping law cuts \$1.5 trillion in funding for states, including over \$23 billion annually from New York. It slashes funding for Medicaid, SNAP, and the Affordable Care Act, hurting millions of working New Yorkers, as well as the state and local employees who provide these critical services.



One voice for many.

