



One Big Beautiful Bill Employer FAQ

1. What exactly changed?

Starting in the 2025 tax year, a new federal law (*the One Big Beautiful Bill Act*) provides above-the-line tax deductions (i.e. reductions to taxable income) for certain tips and certain overtime earnings

2. Do I need to calculate payroll differently?

No. Payroll calculations will not change as this deduction will be made by the employee when they file their personal returns.

3. Do I need to report tips differently?

No. Tips are already reported separately on the W2.

4. Do I need to report overtime?

Yes. Overtime premium earnings will need to be reported. For the year 2025, a good faith effort must be made to provide employees with their year-to-date overtime premium earnings. The IRS will provide final guidance for 2026 and on reporting.

5. Are there penalties for not reporting?

Employers will not face penalties for failing to provide a separate accounting of any amounts reasonably designated as cash tips or the occupation of the person receiving such tips. In addition, employers and other payors will also not face penalties for failing to separately provide the total amount of qualified overtime compensation. The relief is limited to returns and statements filed and provided for tax year 2025 and applies only to the extent that the person required to make the return or statement otherwise files and provides a complete and correct return or statement.

6. How do I find my employee's overtime earnings?

We recommend using one of two reports based on display preferences.

Pay Statement History (Detail)

Payroll Register YTD Summary

7. Do my employees qualify for this deduction?

While Würk cannot make this determination for you or your employees, we do recommend reviewing the following [link](#). This is the proposed rule by the IRS defining qualifying occupations. We also recommend informing employees to seek professional tax help to determine what is best for their unique situation.

8. Where can I find more information about this?

We recommend keeping an eye on the [IRS news page](#) and seeking counsel from a tax professional.