

2025 Overtime Tax Checklist

For hourly workers — federal overtime deduction edition

Use this checklist every pay period and at tax time. Check each box as you go: don't leave money on the table.

🔑 What the 2025 Overtime Rule Actually Does

- It is a federal deduction generally applied to the overtime (OT) premium (the extra half above your regular rate).
- It applies for tax years 2025 - 2028.
- The deduction is claimed when you FILE your taxes, but isn't automatically reflected on your paycheck.

🔑 What the 2025 Overtime Rule Doesn't Do

- It doesn't automatically make all overtime tax-free.
- The rule is not required by administrators of state or local taxes. Meaning you'll likely have to take the below actions to receive your deductions.

Your Checklist

✓	Action Item	Why It Matters
<input type="checkbox"/>	Save every pay stub	Pay stubs are your proof at tax time. Download from your payroll app after every pay period: don't wait.
<input type="checkbox"/>	Confirm your regular hourly rate	Your overtime rate (time-and-a-half) is calculated from this. Know it. Write it down.
<input type="checkbox"/>	Log your OT hours each pay period	Don't rely on memory. Record any hours worked beyond 40 per week as soon as they happen.
<input type="checkbox"/>	Check how OT is labeled on your pay stub	Look for a separate OT line item. If everything is lumped into one number, flag it with HR.
<input type="checkbox"/>	Verify your OT rate = 1.5x your regular rate	Example: \$20/hr regular → \$30/hr OT. If the math isn't math-ing, ask HR or your payroll department for details.
<input type="checkbox"/>	Note the OT premium separately	The 2025 federal deduction applies to the premium portion only (the extra half above your regular rate).
<input type="checkbox"/>	Track state/local tax withholding on OT	PA, NJ, DE, and most states do not follow the federal OT break. Your state taxes likely still apply in full.

✓	Action Item	Why It Matters
<input type="checkbox"/>	Ask HR if withholding will be adjusted	Many employers won't auto-update withholding for the new rule. You may look overtaxed now and get relief at filing.
<input type="checkbox"/>	Keep your W-2 when it arrives (Jan/Feb)	Your W-2 is required to claim the OT deduction correctly when you file your federal return.
<input type="checkbox"/>	Cross-reference W-2 with your pay records	Make sure total wages on your W-2 match your pay stub totals. Errors do happen.
<input type="checkbox"/>	File your federal taxes	The 2025 OT deduction is claimed on your return, not automatically on your paycheck.
<input type="checkbox"/>	Consider a tax pro familiar with hourly workers	The OT deduction has caps and income phase-outs. A knowledgeable preparer can maximize your benefit.

 **At Tax Time, Bring These**

- All pay stubs from pay periods with overtime
- Your W-2 from your employer
- Your completed Overtime Pay Tracker (available at matchamint.work)
- Any notes on your regular rate, OT rate, and total OT hours

This checklist is for general informational purposes only and is not personal tax advice. Rules may vary based on your income, employer, and state. Consult a qualified tax professional for guidance specific to your situation.