

119TH CONGRESS  
1ST SESSION

# H. R. 3118

To amend the Internal Revenue Code of 1986 to allow a deduction for qualified overtime compensation.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2025

Mr. MORAN introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for qualified overtime compensation.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Tax on Overtime  
5 Act”.

6 **SEC. 2. NO TAX ON OVERTIME.**

7 (a) DEDUCTION ALLOWED.—Part VII of subchapter  
8 B of chapter 1 is amended by redesignating section 224  
9 as section 225 and by inserting after section 223 the fol-  
10 lowing new section:

1 **“SEC. 224. QUALIFIED OVERTIME COMPENSATION.**

2 “(a) IN GENERAL.—There shall be allowed as a de-  
3 duction an amount equal to the qualified overtime com-  
4 pensation received during the taxable year.

5 “(b) LIMITATIONS.—

6 “(1) MAXIMUM HOURS.—For purposes of deter-  
7 mining the amount of the deduction allowed under  
8 subsection (a), the amount of qualified overtime  
9 compensation taken into account under subsection  
10 (a) for any taxable year shall not exceed the amount  
11 of such compensation which relates to not more than  
12 300 hours of service.

13 “(2) JOINT RETURNS.—In the case of a joint  
14 return, paragraphs (1) and (2) shall be applied sepa-  
15 rately with respect to the qualified overtime com-  
16 pensation of each spouse.

17 “(3) PHASEOUT BASED ON MODIFIED AD-  
18 JUSTED GROSS INCOME.—The amount of the deduc-  
19 tion under subsection (a) (after the application of  
20 paragraphs (1), (2), and (3)) shall be reduced by  
21 \$100 for every \$1,000 by which the modified ad-  
22 justed gross income of the taxpayer for the taxable  
23 year exceeds \$100,000 (\$200,000, in the case of a  
24 joint return).

25 “(4) MODIFIED ADJUSTED GROSS INCOME.—  
26 For purposes of this subsection, the term ‘modified

1       adjusted gross income’ means the adjusted gross in-  
2       come of the taxpayer for the taxable year increased  
3       by any amount excluded from gross income under  
4       section 911, 931, or 933.

5       “(c) QUALIFIED OVERTIME COMPENSATION.—For  
6       purposes of this section, the term ‘qualified overtime com-  
7       pensation’ means overtime compensation paid to an indi-  
8       vidual required under section 7 of the Fair Labor Stand-  
9       ards Act of 1938 that is in excess of the regular rate (as  
10      used in such section) at which such individual is employed.

11      “(d) SOCIAL SECURITY NUMBER REQUIRED.—No  
12      deduction shall be allowed under this section with respect  
13      to qualified overtime compensation unless the taxpayer in-  
14      cludes the social security number (as defined in section  
15      24(h)(7)) of the individual to whom such compensation  
16      was paid on the return of tax for the taxable year.”.

17      (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—  
18      Section 63(b) is amended by striking “and” at the end  
19      of paragraph (3), by striking the period at the end of para-  
20      graph (4) and inserting “and”, and by adding at the end  
21      the following new paragraph:

22               “(5) the deduction provided in section 225.”.

23      (c) REQUIREMENT TO INCLUDE OVERTIME COM-  
24      PENSATION ON W-2.—Section 6051(a) is amended by  
25      striking “and” at the end of paragraph (16), by striking

1 the period at the end of paragraph (17) and inserting “,  
2 and”, and by inserting after paragraph (17) the following  
3 new paragraph:

4 “(18) the total amount of qualified overtime  
5 compensation (as defined in section 225(c)).”.

6 (d) OMISSION OF CORRECT SOCIAL SECURITY NUM-  
7 BER TREATED AS MATHEMATICAL OR CLERICAL  
8 ERROR.—Section 6213(g)(2) is amended by striking  
9 “and” at the end of subparagraph (U), by striking the  
10 period at the end of subparagraph (V) and inserting “,  
11 and”, and by inserting after subparagraph (V) the fol-  
12 lowing new subparagraph:

13 “(W) an omission of a correct social secu-  
14 rity number required under section 225(d) (re-  
15 lating to deduction for qualified overtime).”.

16 (e) CLERICAL AMENDMENT.—The table of sections  
17 for part VII of subchapter B of chapter 1 is amended by  
18 redesignating the item relating to section 224 as an item  
19 relating to section 225 and by inserting after the item re-  
20 lating to section 223 the following new item:

“Sec. 224. Qualified overtime compensation.”.

21 (f) WITHHOLDING.—The Secretary of the Treasury  
22 (or the Secretary’s delegate) shall modify the tables and  
23 procedures prescribed under section 3402(a) to take into  
24 account the deduction allowed under section 224 (as added  
25 by this Act).

1       (g) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2024.

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