



## MEMORANDUM

**To:** All Hourly Employees

**From:** Human Resources Department

**Date:** January 7, 2026

**Subject:** New IRS Guidance for Tax Year 2025 & Locating Overtime Wages on Your Pay Stub

This memo is to provide information regarding a new federal tax deduction for qualified overtime compensation and to inform you about how to locate your Year-to-Date Overtime (OT) Wages on your last pay stub for 2025 (dated December 31, 2025).

### **IRS Guidance for the 2025 Qualified Overtime Deduction**

A new federal tax deduction for "qualified overtime compensation" is available for tax years 2025 through 2028 under the "One, Big, Beautiful Bill Act". This deduction allows eligible individuals to deduct the *premium portion* of their overtime pay that exceeds their regular rate (typically the "half" in time-and-a-half pay required by the Fair Labor Standards Act (FLSA)).

For tax year 2025, employers were not required to report this specific "qualified" amount separately on your Form W-2, but we were encouraged to provide this information by other means.

### **Locating Your Pay Stub**

Your final pay stub of the year (dated 12-31-2025) includes year-to-date totals for all compensation, which are the amounts you will need for tax purposes.

You can access your final pay stub (and others) in ADP:

- on the Desktop by going to the Myself tab > Pay > Pay & Tax Statements. At the top, it will show My Pay, click on the statement(s) you want, be sure Details tab is showing, then open the drop down and choose *Download current statement*
- on the App click Pay tab, scroll down to locate Statement dated December 31, 2025. Click on that statement, then click View Statement. The Earning Statement will be available for download or print

### **Locating OT Wages (*qualified overtime compensation*) on Your Pay Stub**

- Look for a section titled "**year-to-date**"
- Within that section, you should find a specific line item(s) labeled "**Overtime**" and/or "**OTSH2**" and/or "**OTSH3**"

- The "**year-to-date**" totals for each OT Earning category should be added together for total OT Earned Wages

### **For More Information**

The official IRS guidance is provided in [Notice 2025-69](#). The [IRS website](#) provides a general overview of the [One, Big, Beautiful Bill provisions](#), including this deduction. Also, changes in the notification requirements can be found here ► [Changes in Notification Requirements](#)

**Please consult with a tax professional or use tax preparation software for personalized advice on claiming this deduction when you file your 2025 tax return. G&F Precision Molding, Inc. cannot provide individual tax advice.**