

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to establish a deduction  
for certain overtime payments.

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IN THE SENATE OF THE UNITED STATES

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Mr. MARSHALL (for himself, Mr. TUBERVILLE, Mr. RICKETTS, and Mr. JUSTICE) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to establish  
a deduction for certain overtime payments.

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 “Overtime Wages Tax  
5 Relief Act”.

6 **SEC. 2. DEDUCTION FOR OVERTIME COMPENSATION.**

7 (a) IN GENERAL.—

8 (1) DEDUCTION ALLOWED.—Part VII of sub-  
9 chapter B of chapter 1 of the Internal Revenue Code  
10 of 1986 is amended by redesignating section 224 as

1 section 225 and by inserting after section 223 the  
2 following new section:

3 **“SEC. 224. OVERTIME COMPENSATION.**

4 “(a) IN GENERAL.—There shall be allowed as a de-  
5 duction an amount equal to so much of any overtime com-  
6 pensation received by an individual as does not exceed  
7 \$10,000 (\$20,000 in the case of a joint return) for the  
8 taxable year.

9 “(b) LIMITATION.—The amount of the deduction al-  
10 lowable under subsection (a) shall be reduced (but not  
11 below zero) by \$50 for each \$1,000 (or fraction thereof)  
12 by which the taxpayer’s modified adjusted gross income  
13 exceeds \$100,000 (\$200,000 in the case of a joint return).  
14 For purposes of the preceding sentence, the term ‘modi-  
15 fied adjusted gross income’ means adjusted gross income  
16 increased by any amount excluded from gross income  
17 under section 911, 931, or 933.

18 “(c) OVERTIME COMPENSATION.—For purposes of  
19 this section, the term ‘overtime compensation’ means com-  
20 pensation that is paid to a taxpayer—

21 “(1) at a rate of not less than one and one-half  
22 times the regular rate at which the taxpayer is em-  
23 ployed, and

24 “(2) for work for a single employer that is in  
25 excess of a maximum number of hours of such work

1 for a specified period of time as required pursuant  
2 to—

3 “(A) section 7 of the Fair Labor Stand-  
4 ards Act of 1938, or

5 “(B) an agreement that—

6 “(i) is a collective bargaining agree-  
7 ment or an agreement or understanding  
8 arrived at between the employer and the  
9 employee before performance of the work,  
10 and

11 “(ii) provides that such maximum  
12 number of hours for a specified period of  
13 time is not less than 40 hours for a 7-day  
14 work period.

15 “(d) REGULATIONS.—The Secretary shall provide  
16 such regulations or other guidance as may be necessary  
17 to carry out this section.”.

18 (2) CONFORMING AMENDMENT.—The table of  
19 sections for part VII of subchapter B of chapter 1  
20 of such Code is amended by redesignating the item  
21 relating to section 224 as relating to section 225  
22 and by inserting after the item relating to section  
23 223 the following new item:

“Sec. 224. Overtime payments.”.

24 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—  
25 Section 63(b) of the Internal Revenue Code of 1986 is

1 amended by striking “and” at the end of paragraph (3),  
2 by striking the period at the end of paragraph (4) and  
3 inserting “and”, and by adding at the end the following  
4 new paragraph:

5 “(5) the deduction provided in section 224.”.

6 (c) NON-APPLICATION OF CERTAIN LIMITATIONS  
7 FOR ITEMIZERS.—

8 (1) DEDUCTION NOT TREATED AS A MISCELLA-  
9 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the  
10 Internal Revenue Code of 1986 is amended by strik-  
11 ing “and” at the end of paragraph (11), by striking  
12 the period at the end of paragraph (12) and insert-  
13 ing “, and”, and by adding at the end the following  
14 new paragraph:

15 “(13) the deduction under section 224 (relating  
16 to overtime compensation).”.

17 (2) DEDUCTION NOT TAKEN INTO ACCOUNT  
18 UNDER OVERALL LIMITATION.—Section 68(c) of the  
19 Internal Revenue Code of 1986 is amended by strik-  
20 ing “and” at the end of paragraph (2), by striking  
21 the period at the end of paragraph (3) and inserting  
22 “, and”, and by adding at the end the following new  
23 paragraph:

24 “(4) the deduction under section 224 (relating  
25 to overtime compensation).”.

1           (d) REPORTING.—Section 6051(a) of the Internal  
2 Revenue Code of 1986 is amended by striking “and” at  
3 the end of paragraph (16), by striking the period at the  
4 end of paragraph (17) and inserting “, and”, and by in-  
5 serting after paragraph (17) the following new paragraph:

6                   “(18) the total amount of overtime compensa-  
7 tion as defined in section 224(b).”.

8           (e) WITHHOLDING.—The Secretary of the Treasury  
9 (or the Secretary’s delegate) shall modify the tables and  
10 procedures prescribed under section 3402(a) of the Inter-  
11 nal Revenue Code of 1986 to take into account the deduc-  
12 tion allowed under section 224 of such Code (as added  
13 by this Act).

14           (f) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 December 31, 2025.