

119TH CONGRESS
1ST SESSION

H. R. 561

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 2025

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

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 Pay Tax Re-
5 lief Act of 2025”.

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 20
7 percent of such individual’s other wages from the same
8 employer for the taxable year.

9 “(b) OVERTIME COMPENSATION.—For purposes of
10 this section, the term ‘overtime compensation’ means over-
11 time compensation required under section 7 of the Fair
12 Labor Standards Act of 1938.

13 “(c) LIMITATION.—No deduction shall be allowed
14 under subsection (a) for any taxpayer whose adjusted
15 gross income for the taxable year exceeds—

16 “(1) in the case of a married couple filing joint-
17 ly, \$200,000,

18 “(2) in the case of a head of household,
19 \$150,000, or

20 “(3) in the case of any other individual,
21 \$100,000.

22 “(d) TERMINATION.—No deduction shall be allowed
23 under subsection (a) for any amounts received after De-
24 cember 31, 2029.”.

1 (2) CONFORMING AMENDMENT.—The table of
2 sections for part VII of subchapter B of chapter 1
3 of such Code is amended by redesignating the item
4 relating to section 224 as relating to section 225
5 and by inserting after the item relating to section
6 223 the following new item:

“Sec. 224. Overtime payments.”.

7 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
8 Section 63(b) of the Internal Revenue Code of 1986 is
9 amended by striking “and” at the end of paragraph (3),
10 by striking the period at the end of paragraph (4) and
11 inserting “and”, and by adding at the end the following
12 new paragraph:

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

14 (c) NON-APPLICATION OF CERTAIN LIMITATIONS
15 FOR ITEMIZERS.—

16 (1) DEDUCTION NOT TREATED AS A MISCELLA-
17 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the
18 Internal Revenue Code of 1986 is amended by strik-
19 ing “and” at the end of paragraph (11), by striking
20 the period at the end of paragraph (12) and insert-
21 ing “, and”, and by adding at the end the following
22 new paragraph:

23 “(13) the deduction under section 224 (relating
24 to overtime compensation).”.

1 (2) DEDUCTION NOT TAKEN INTO ACCOUNT
2 UNDER OVERALL LIMITATION.—Section 68(c) of the
3 Internal Revenue Code of 1986 is amended by strik-
4 ing “and” at the end of paragraph (2), by striking
5 the period at the end of paragraph (3) and inserting
6 “, and”, and by adding at the end the following new
7 paragraph:

8 “(4) the deduction under section 224 (relating
9 to overtime compensation).”.

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

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to amounts received after the date
18 of the enactment of this Act.

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