

119TH CONGRESS
1ST SESSION

H. R. 4740

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

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mrs. SYKES 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 allow a deduction for certain 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 for All Workers Act”.

6 **SEC. 2. DEDUCTION FOR CERTAIN OVERTIME COMPENSA-**
7 **TION.**

8 (a) IN GENERAL.—Section 225(c)(1) of the Internal
9 Revenue Code of 1986 is amended to read as follows:

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘qualified overtime compensation’
3 means—

4 “(A) any overtime compensation paid to an
5 individual required under section 7 of the Fair
6 Labor Standards Act of 1938 that is in excess
7 of the regular rate (as used in such section) at
8 which such individual is employed, or

9 “(B) any compensation paid to an indi-
10 vidual that is in excess of the regular rate at
11 which such individual is employed if such com-
12 pensation is paid—

13 “(i) at a rate of not less than one and
14 one-half times such regular rate,

15 “(ii) for work for a single employer
16 that is in excess of a standard number of
17 hours of such work for a specified period
18 of time, and

19 “(iii) as required by a collective bar-
20 gaining agreement, or an agreement be-
21 tween such employer and employee,
22 which—

23 “(I) was entered into before the
24 performance of the work, and

1 “(II) specifies that such standard
2 number of hours for a specified period
3 of time is not less than 40 hours for
4 a 7-day work period.”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2024.

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