

To: All Employees
From: Accounting Department
Re: New on Your 2025 W-2: What “Qualified Overtime” Means for You
Date: February 5, 2026

Memo: Understanding New Qualified Overtime Reporting on Your W-2

Team,

As part of a new federal requirement under the *One Big Beautiful Bill Act*, employers must now report certain overtime information on employee W-2 forms beginning with **Tax Year 2025**. We know this is new—and it may cause some confusion—so we’ve outlined the key points below to help you understand what you’ll see on your W-2.

What’s New?

Under the new law, a portion of overtime pay—called “**qualified overtime compensation**”—is now eligible for a tax deduction. Employers are required to:

- Report this amount to the IRS/SSA, and
- Include the total qualified overtime compensation on employee W-2s.

For Tax Year **2025**, Miller Industries will report this amount in **Box 14** on your W-2.

What Employees Need to Know

1. **You will see “Qualified Overtime Compensation” in Box 14 on your W-2.**
This applies starting with 2025 W-2s.
2. **Your overtime is still taxed on your paychecks.**
Employers will continue withholding federal income tax, Social Security, and Medicare taxes—just like today.
The deduction tied to qualified overtime is claimed on your **individual tax return**. Please consult a tax professional if you need guidance.
3. **The amount shown is only the overtime *premium* portion.**
This is the “half” in time-and-a-half ($0.5 \times$ your regular rate).
It will **not** match the full overtime amount shown on your pay stubs.
4. **What counts as “Qualified Overtime Compensation”?**
It includes only overtime required under the Fair Labor Standards Act (FLSA)—hours **physically worked** over 40 in a workweek, and only the amount above your regular rate.
5. **Withholding changes may be needed.**
Withholding changes may be needed. The IRS has updated Form W-4 for **2026**. Employees can use the IRS Withholding Estimator to adjust taxes based on expected overtime.

Example

For an employee earning **\$15.00/hour**:

- Overtime rate = \$22.50
 - Overtime premium = $0.5 \times \$15.00 = \7.50
 - For 1 OT hour, the “qualified overtime compensation” reported on the W-2 would be **\$7.50**.
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A Note About Miller Industries’ Overtime Policies

Miller Industries’ overtime practices are often more generous than the federal minimum requirements. This includes:

- Double time in some cases
- Counting some non-worked hours (holiday, vacation, OTC, etc.) toward overtime eligibility

Because of this, your **Miller overtime pay** may be higher than the amount considered “qualified overtime compensation” under the One Big Beautiful Bill Act. Only the federal definition is eligible for the tax deduction.

Helpful Links

- [IRS Tax Withholding Estimator](#)
- [One Big Beautiful Bill Act Overview](#)
- [How to Update Your W-4 for 2025](#)