

119TH CONGRESS  
1ST SESSION

# H. R. 4740

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

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IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mrs. SYKES introduced the following bill; which was referred to the Committee on Ways and Means

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## 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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