Overtime Reporting

February 12, 2026

Agenda

2025 Qualified Wages

Overtime Reporting Law

Updating Position Exempt/Non-Exempt Status
- Mass Load
- Mass Change

Correcting Prior 2026 Payrolls (Adjustments)

Properly Reporting Overtime
- Standard OT
- Blended OT

FAQ

2025 Overtime

Historical Pay Amount Report With Hours

	Employee	Pay Date	Applies For Retirement	Pay Type	Description	Rate	Units	Hours Worked	Amount	Specific Accounts Charged
Employee King, Billie Martha ANON1004										
Position Description: Secretary										
	King, Billie Martha	4/18/2025	☑	Overtime	constantly	25.00	10.00	10.00	$ 250.00	001-1110-112-0000-000000-101-00-000
									$ 250.00	
									$ 250.00	
Grand Total									$ 250.00	

This report provides the employee's hours worked and gross pay. The employee or person preparing their taxes will need to calculate the half-time portion of time-and-a-half overtime.

Law Changes

As of January 1, 2026, employers are required to track and report qualified overtime on W2's

Employees may deduct qualified overtime up to $12,500 for single filers/$25,000 for married filing jointly

The reportable overtime amount will appear in Box 12 of the W2 with code TT

What is qualified overtime compensation?

Overtime paid to an individual required under section 7 of the Fair Labor Standards Act (FLSA).

Individuals eligible for overtime under FLSA must receive overtime pay for hours worked in excess of 40 hours in a work week. The amount reported to the IRS is the premium portion.

If an employee is eligible for overtime under FLSA, but the employer pays more than is required under FLSA, the qualified overtime compensation is limited to the portion of overtime that is required by FLSA.

Position Exemption Status- Mass Change

There is an Exempt and Non-Exempt Load Definition.

[Mass Change Definitions](#)

Position Exemption Status- Mass Load

employee.number	number	positionDescription	overtimeClassification
ANON1000	5	Custodian	NON_EXEMPT
ANON101	2	Custodian	NON_EXEMPT
ANON1047	5	Custodian	NON_EXEMPT
ANON1047	6	Custodian	NON_EXEMPT
ANON1055	1	Custodian	NON_EXEMPT
ANON1087	2	Custodian	NON_EXEMPT
ANON1087	3	Custodian	NON_EXEMPT

Required Headings are above

Overtime Classification column is case sensitive
- EXEMPT
- NON_EXEMPT

Adjustments for Prior Payrolls

If you have prior payrolls that need adjusted, where you didn't use OT for the system to calculate, you can go to Core > Adjustments

Overtime Entries

Pay Type: Overtime

- System is configured for the '0.5' of overtime to appear on employee W2s.

Blended Overtime Entries

Blended Overtime

- Two entries needed

- Entry #1 – Pay Type: Misc, pay the '1' part of the time and a half.

Blended Overtime Entries

Blended Overtime

- Two entries needed

- Entry #2 – Pay Type: Blended Overtime, pay the '0.5' part of the time and a half.

  - This is what appears on the W2s.

Overtime Entries – Double Time

- Two entries needed:

- Entry #1 – Pay Type: Overtime, pay the '1.5' part of the double time.

- Entry #2 – Pay Type: Misc, pay the '0.5' part of the double time.

*This is going to show broken out on the employees pay stub so may take more explaining to the employee but adding them together would equal the 'double time.'

Commonly Asked Questions..

Is there a default Overtime Classification value on the Position record? What does a blank value mean - Exempt or Non Exempt?

No, there is no default overtime classification value on the Position Record. Each Position should have the value set accordingly. The overtime classification can be set by going to Position>Overtime Classification. A blank value is treated as Non Exempt.

Does the Position Overtime Classification value need to be set to Exempt or Non Exempt prior to their first payroll in January?

No, the Position>Overtime Classification value does not have to be updated before the first pay in January. However, please be sure the Payroll Payments - Future/Current>FLSA Overtime value is set properly beginning with the first pay in January. The Position>Overtime Classification does need to be set properly prior to W2 2026 processing. The system will then use the Position>Overtime Classification flag along with the Payroll Payments - Future/Current>FLSA Overtime value to arrive at the total printed on the W2.

Commonly Asked Questions..

What happens in situations where the Position Overtime Classification is set properly, but the Payroll Payments - Future/Current FLSA Overtime field is left blank?

If the Payroll Payments - Future/Current>FLSA Overtime value is blank, the system will default based on the Overtime Classification selected on the Position screen. This flag will control if the pay amount is included in the W2 overtime calculations for 2026.

What happens in situations where the Position Overtime Classification is not set properly, but the Payroll Payments - Future/Current entry has the FLSA Overtime value set properly?

The Overtime Classification field on the Position record determines if the system examines the pay history as shown below:

- If the Position>Overtime Classification field is set to <u>Non-Exempt</u>, then the system looks at the payment history.
  - FLSA value set to Included: Historical pay amounts will be used in the amount reported on the employee's W2.
  - FLSA value set to Excluded: Historical pay amounts will not be used in the amount reported on the employee's W2.
  - If the Position>Overtime Classification field is set to <u>Exempt</u>, then the payment history is not looked at.
- If Position is set to <u>Exempt</u> and information <u>should be included</u> on the employee's W2, then Core>Adjustments using the W2 Overtime will need to be created.

Commonly Asked Questions..

Will the FLSA Overtime field be available when using the Core>Attendance>Post to Future and Post to Current option?

Currently this is not available. This will be a future enhancement.

Will the FLSA Overtime field be available when using the Core>Attendance>Mass Add?

Yes, JIRA issue USPSR-7382 is in place to add the ability to set the FLSA Overtime value when creating OT and BOT pay amounts using Core>Attendance>Mass Add in the future.

Can I run W2 Report and Submission now to verify how overtime is going to look on the employee's W2 in 2026?

No, the software updates for 2026 reporting have not been implemented yet.

Questions?