

The Truth About “No Tax on Overtime”



**WARNING: “No tax on overtime” =
“A little less tax on overtime for fewer than 10% of workers.”**

- You will pay 100% of Social Security, Medicare, state, and local taxes on all overtime.
- There's only “no tax” on overtime premium pay. For time-and-a-half, there's only no tax on the “and-a-half.” So if you make \$20 an hour plus time-and-a-half (\$30/hour) for overtime, you can only deduct the additional \$10 an hour.
- A lot of working people don't qualify at all: independent contractors and gig workers, railroad and airline employees, and staff who work extra long days that add up to less than 40 hours—say, three 12-hour shifts, a schedule that's common for many nurses, even if those hours are treated as “overtime” under a collective bargaining agreement.
- Plus, this one small tax break for less than 10% of workers expires in just three years, unlike the large tax cuts given to the wealthiest Americans and corporations, which are permanent.

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