



State of Louisiana
Louisiana Department of Health
Division of Human Resources

January 26, 2026

TO: LDH Employees
FROM: LDH Human Resources
SUBJECT: One Big Beautiful Act Bill – Qualified Overtime Compensation

The purpose of this letter is to notify you of changes to federal law which may make you eligible for an additional tax deduction in tax year 2025.

A new federal tax law, the One Big Beautiful Bill Act (OBBBA), includes a provision that may allow some employees to deduct a portion of their overtime pay (referred to as qualified overtime compensation (QOC) by the IRS) on their federal income tax return, beginning with tax year 2025. Refer to [IRS Notice 2025-69](#) for individual taxpayer guidance.

Who This Applies To

This provision applies only to overtime earned while working in a position that is **non-exempt under the Fair Labor Standards Act (FLSA)**.

- If you were FLSA-exempt for all of 2025, this provision does not apply to you.
- If you were FLSA non-exempt and worked FLSA-qualifying overtime, you may be eligible.

What May Qualify for the Deduction

The deduction applies only to the **FLSA overtime premium portion** of pay—the extra “half-time” portion of “time-and-a-half” that exceeds your regular rate of pay. Because we are a governmental employer, this provision also applies to certain cash payouts of compensatory time that include an FLSA premium component.

Information We Will Provide for 2025

The IRS has designated 2025 as a transition year, meaning employers are not required to report qualified overtime compensation separately on Form W-2.

To assist employees, we will provide an **estimated Qualified Overtime Compensation statement** for 2025. We are only able to provide an estimate of your QOC if your agency used time entry system override codes during the year. This **estimated** statement will be available to active employees in LEO by **January 31, 2026**. This information is intended to help you and/or your tax preparer determine whether you may claim the deduction.

What You Should Do

- Refer to your 2025 pay statements (also referred to as check stubs) and detailed time statements for relevant overtime and compensatory time payments.

- Review your estimated QOC statement before filing your federal tax return. Please note that the estimated QOC statement is merely an estimate and the State of Louisiana is not certifying that the amount provided therein is accurate. You should use it as a guide in conjunction with your pay statements and detailed time statements to determine your eligible QOC.
- Consult a tax professional if you have questions about how this deduction applies to your individual tax situation. HR and payroll staff cannot provide tax advice.

If you have questions about how your overtime or compensatory time was calculated or reported, please contact Crystal Price Crystal.Price@la.gov or Danielle Carter Danielle.Carter@la.gov.

Thank you