

# Important Message for Those With a Union Contract

## IMPORTANT MESSAGE ABOUT THE OVERTIME DEDUCTION & OUR ESTIMATION TOOL

Members have been hearing conflicting information about how to calculate the new federal overtime deduction. Some tax preparers are telling workers to "just bring your last pay stub." For anyone working under a Collective Bargaining Agreement (CBA), that approach is not reliable and may lead to incorrect results.

To help members understand their potential deduction, we have created an estimation tool. This tool does not replace tax advice, does not calculate your official deduction, and does not guarantee eligibility. It simply helps you organize your information in a way that aligns with the method described in IRS guidance.

## WHAT THIS TOOL IS - AND WHAT IT IS NOT

This tool is:

- A member resource designed to help you estimate the portion of overtime that may qualify under IRS rules.
- A way to break down your weekly hours, pay, and overtime so you can have a clearer picture of your situation.
- A method for separating FLSA-required overtime premium from additional CBA overtime, which is necessary for an accurate estimate.

This tool is not:

- Tax advice
- A substitute for a qualified tax professional
- A guarantee of eligibility
- A calculation of your official deduction
- A replacement for the records your preparer will need

The final determination of your deduction can only be made by a tax professional using your complete payroll records.

## WHY THIS MATTERS FOR CBA WORKERS

IRS guidance makes a distinction between:

- FLSA-required overtime premium (potentially deductible), and
- CBA-negotiated overtime (not deductible)

A year-end pay stub does not separate these amounts. Our tool helps you understand the difference so you can avoid relying on incomplete or misleading information.

## HOW THE TOOL SUPPORTS YOU

The spreadsheet helps you:

- Review your weekly hours and pay
- Identify the portion of overtime that may fall under the FLSA definition
- Produce a rough estimate you can bring to your tax preparer
- Ask informed questions and avoid over- or under-reporting

Again, this is only an estimate. Your tax preparer must use your actual payroll records to determine your final deduction.

## WHAT YOU MAY WANT TO BRING TO YOUR TAX APPOINTMENT

Even if you use the tool, it can be helpful - though not required - to have things like:

- Your pay stubs or a year-end payroll summary
- A general sense of your weekly hours and overtime
- Any bonuses or differentials you received

These items simply make it easier for a tax preparer to review your situation and confirm your final numbers. They're not mandatory, but they can make the process smoother.

## BOTTOM LINE

This tool is provided for informational and educational purposes only. It helps members better understand how the deduction works and prepares you for conversations with your tax preparer. It does not guarantee results, determine eligibility, or replace professional tax advice.