



This SOP will outline the steps to enable your company to provide each employee with their annual earnings data as well as the new requirement to calculate the Qualified Overtime Premium.

Note: Please refer to the SOP E-Filing of W2's for more information regarding how to file your W2 information electronically with the Social Security Administration.

Items included in the SOP:

- Background regarding the One, Big, Beautiful Bill Act and the Qualified overtime compensation
- Employer Reporting Requirements for 2025
- How to use the new Gemini report: Employee W-2 Information Report

Beginning in Tax Year 2025 there is a new employee reporting requirement related to the premium portion of overtime payments. "Qualified overtime compensation" refers to the premium portion of overtime pay (the "half" in time-and-a-half) that is required under the federal Fair Labor Standards Act (FLSA) for hours worked over 40 in a workweek. This amount is eligible for a federal income tax deduction for tax years 2025 through 2028

Here is a link to the IRS site with more details:

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>

For the 2025 tax year, the IRS has provided transition relief, meaning employers are not penalized for failing to separately report qualified overtime compensation on W-2 forms. However, employers are required to separately track this information and should be prepared for mandatory reporting in 2026 and beyond.

Employer Reporting Requirements for 2025

No Penalty for Non-Separate Reporting: The IRS will not penalize employers for failing to separately state the amount of qualified overtime compensation on the 2025 Form W-2 (due in early 2026), provided the form is otherwise correct and complete.

Voluntary Reporting: Employers are encouraged to voluntarily provide employees with the necessary information to claim the deduction on their personal tax returns. This information can be provided in several ways:

1. Including the amount in Box 14 of the Form W-2.
2. Providing a separate, written statement to employees.
3. Making the information available through an online portal.



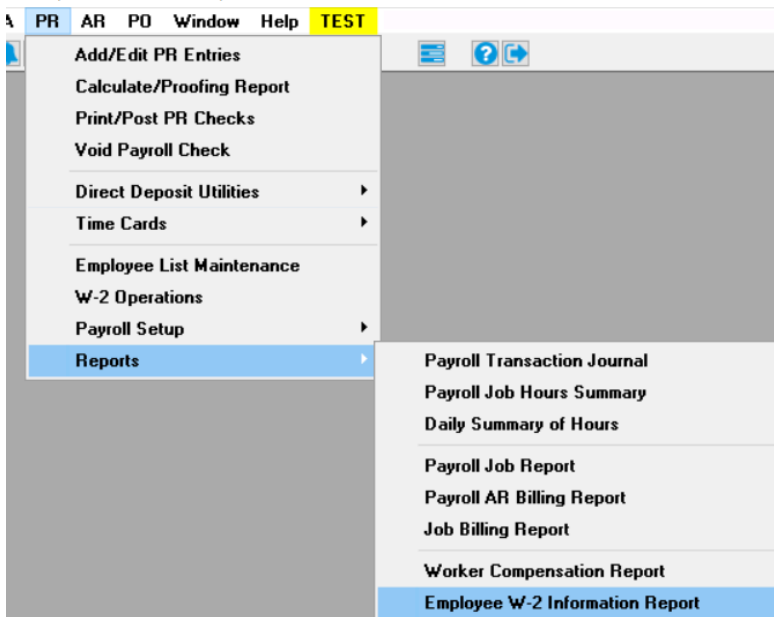
As of 12/11/25 the IRS has not updated the E-filing format so that Box 14 could contain the qualified overtime compensation. Therefore Builder Incubator elected to create a new report - item #2 above.

We have developed a new report to provide our Gemini users with the appropriate employee payroll information and in a format that makes it easy to distribute the report separately to each employee. We do recommend that this report is mailed (snailmailed) along with the Employee W2, or handed out physically to each employee.

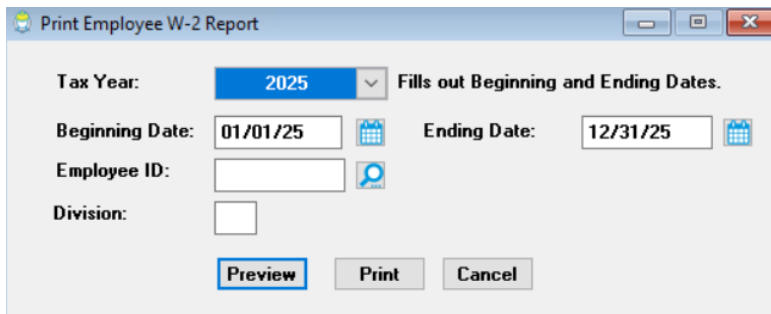
Once the IRS updates the e-filing requirements to allow for the qualified overtime compensation, we will modify the Gemini program accordingly. Preliminary specifications appear the IRS is planning to use Box 12 in TY 2026.

How to use the new Gemini report: Employee W-2 Information Report

Go To:



Enter the Tax Year





The top section of the report displays the employees total earnings based on paytype

Astor Homes
328 Main St
Baltimore, MD 10023

Employee Tax Information			
Hire Date:	03/29/24	Term Date:	
From Date:	01/01/25	To Date:	12/31/25
Printed:	DEC 11, 2025 10:11PM		
Page:	1 of 1		
Employee:	1010		

Smith, Dave
123 Main Street
Tampa FL 33566

Totals for Period								
	Regular	Overtime	Double	Sick	Vacation	Holiday	Period Total	
Hours	240.00	15.00					255.00	
Rate*	30.00	45.00					30.88	
Amt.	7,200.00	675.00					7,875.00	
							Non Tax	0.00
							Bonus	0.00
							Additional Pay	0.00
							Gross Pay	7,875.00

* Note: Rates are average for the period.

The bottom section of the report displays the employees total deductions and the qualified overtime and the PREMIUM AMOUNT of the overtime.

Employee Deductions				
Code	Description	Basis	Amount	Override
401KED	401K-Employee \$	0.00	60.00	
FICAE	FICA Employee	7,875.00	488.25	
FIT	Fed Inc Tax	7,815.00	1,215.42	
MEDEER	Med. Employee	7,875.00	114.18	
Total Employee Deductions:			1,877.85	
			Gross Pay:	7,875.00
			Deductions:	1,877.85
			Net Pay:	5,997.15

Qualified Overtime Compensation			
	Hours	Total Amt.	Premium Amt.
Overtime	15.00	675.00	225.00
Double	0.00	0.00	0.00
Total	15.00	675.00	225.00

"Qualified overtime compensation," for the purposes of a new federal tax deduction (effective for tax years 2025-2028), is defined specifically as the premium portion of overtime pay required under the federal Fair Labor Standards Act (FLSA)