

# IAAPA PUBLIC AFFAIRS UPDATE

## Understanding the New Federal Overtime Tax Law

Recent changes in federal tax law allow certain overtime wages to be excluded from federal taxable income. Whether this provision applies in the attractions industry depends on an employer's status under federal overtime requirements.

Many seasonal attractions operate under a federal exemption from overtime. While these operators may still pay overtime due to state law or internal policy, that overtime is not required under federal law and therefore does not qualify for the federal tax exclusion.

By contrast, attractions that are subject to federal overtime requirements may be eligible to exclude qualifying overtime wages from federal taxable income, subject to statutory thresholds and income limitations.

There is a misconception that all overtime wages are now tax-free, which is not the case for many attractions employees. Operators should understand their federal overtime classification and coordinate closely with human resources, payroll, and finance teams before communicating with employees or making assumptions about changes to take-home pay.

This information is provided for general informational purposes only and should not be construed as legal or tax advice. Employers and employees should consult their own legal, tax, or payroll advisors regarding their specific circumstances.

Sincerely,



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