



## Alabama Overtime Pay Tax Exemption

Overtime pay for full-time hourly wage employees for hours worked over 40 in any given week are to be excluded from gross income and AL state income tax.



Eligible employees must be full-time (not part-time)



Employees must be paid hourly wage (not salary)



The exemption will be from 1/1/24 - 6/30/25



No paper forms-employers must use My Alabama Taxes

## Alabama Employers Must Submit the following Overtime Data to the Alabama Department of Revenue:



Aggregate amount of overtime paid.

+



Total number of full-time hourly employees who received overtime pay.

### 2023 Historical Overtime Data Report A One-Time Report due by 1/31/24



**Not Bulk Filer:**  
A link will be provided within form A-3 that routes you to manually enter the data.



**Bulk Filer:**  
A one-time process will be developed that is separate from the current A-3 bulk process.

### 2024-2025 Quarterly/Monthly Reporting Due with A-6 (monthly) and A-1 (quarterly)



**Not Bulk Filer:**  
You will input the data into a new field boxes on forms A-6 and A-1.



**Bulk Filer:**  
You will input the data using the current bulk file for A-6 and A-1's two new required fields.