



Pennsylvania  
**Office of the Budget**

**MEMO**

**TO:** All Human Resource Directors  
for Agencies Serviced by the  
Bureau of Commonwealth Payroll Operations

**FROM:** Stephen R. Burns  
Director  
Bureau of Commonwealth Payroll Operations

**DATE:** August 11, 2025

**RE:** BCPO Payroll Memo #25-04, One Big Beautiful Bill Act (OBBBA) – No Tax on Overtime

On August 7, 2025, the Internal Revenue Service (IRS) issued IR-2025-82 announcing no changes to certain information returns or withholding tables for tax year 2025 related to the OBBBA.

Key points from the announcement include:

- Form W-2, existing Forms 1099, and Form 941 and other payroll return forms will remain unchanged for tax year 2025.
- Federal income tax withholding tables will not be updated for tax year 2025.
- Employers and payroll providers should continue using current procedures for reporting and withholding.

The IRS stated in the announcement that these decisions are intended to avoid disruptions during the tax filing season and to give the IRS, business and tax professionals enough time to implement the changes effectively. The IRS is working on new guidance and new forms for tax year 2026. These will include changes on how overtime pay is reported.

More information will be shared by the IRS in the coming months about how taxpayers can claim the deduction when filing their tax return.

Any questions on this memo can be sent to BCPO at [ra-ob-bcpo@pa.gov](mailto:ra-ob-bcpo@pa.gov).

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