# Employee Tax Breaks & Sick Leave Update — What You Need to Know

Effective Tax Years 2025–2028

## New Federal Tax Deductions for Overtime & Tips

You may now qualify for new tax deductions on your personal tax return - not on your paycheck.

## OVERTIME DEDUCTION

If you worked more than 40 hours in a week and earned "time-and-a-half" pay:
- Deduct the extra 50% portion (the "and-a-half") on your year-end tax return
- Up to $12,500 (single) or $25,000 (married filing jointly)
- Only applies when you file your individual income tax return
- This will not show up on your paycheck

## TIP INCOME DEDUCTION

If you regularly earn tips:
- Deduct up to $25,000 per year of reported tips
- Tips must be included on your W-2 or reported using IRS Form 4137
- This deduction also only happens when you file your taxes - not through payroll

## Missouri Paid Sick Leave Repealed

- Sick leave accrual and usage apply through August 27, 2025
- After August 28, 2025, employers are no longer required to offer paid sick leave
- Ask your employer how unused time will be handled

## What You Should Do

1. Track your overtime and tips - Save your pay stubs!
2. Talk to your tax preparer - Ask how to claim these deductions when you file
3. Use any accrued Missouri sick leave before August 28
4. Watch for updates from your employer about policy changes

## Note

This information is for general awareness and is not tax or legal advice. For help with your taxes, consult a qualified preparer.