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ILLINOIS STATE COMPTROLLER

PAYROLL BULLETIN

TO: All State Agencies, Boards and Commissions

FROM: Sarah Robinson, Deputy Assistant Comptroller

DATE: November 13, 2025

SUBJECT: Payroll Voucher File Layout Changes for W-2 reporting of Qualified Overtime

NUMBER: 5-25

The purpose of this payroll bulletin is to notify agency payroll officers and processors of upcoming required payroll voucher file layout changes. The Illinois Office of Comptroller (IOC) has made changes to the voucher file layout for agencies to submit qualified overtime amounts to be reported on an employee's W-2 tax statement in accordance with the One Big Beautiful Bill Act (OBBBA) for calendar years 2026 to 2028. Bytes affected by this change are 846-853.

Under guidance posted by the IRS, "Effective for 2025 through 2028, individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay – such as the "half" portion of "time-and-a-half" compensation -- that is required by the Fair Labor Standards Act (FLSA) and that is reported on a Form W-2, Form 1099, or other specified statement furnished to the individual." Additionally, employers are required to file information returns with the IRS (or SSA) and furnish statements to taxpayers showing the total amount of qualified overtime compensation paid during the year. However, the IRS has stated that there will be no changes to the 2025 W-2 tax statement. Agencies will therefore need to provide a YTD qualified overtime compensation statement to their employees in order to fulfill the employer's requirement for 2025 tax reporting.

Agencies should defer to the OBBBA, Internal Revenue Service (IRS), legal counsel, and/or their human resources or labor departments to determine their employees' eligibility and/or calculation of qualified overtime compensation amounts. Qualified overtime compensation is not an employee's gross overtime compensation amount. Gross overtime wages should continue to be submitted in the Overtime field of the payroll voucher file in bytes 144 – 150. Only the qualified overtime amount is to be reported on the W-2 tax statement.

Payroll voucher file layout changes will become effective on December 3rd, 2025, in preparation of reporting qualified overtime compensation amounts for the 2026-2028, W-2 tax statements. Agencies may begin reporting the qualified overtime amounts on the voucher file when processing December 16-31, 2025, pay period vouchers or other

supplemental or prior pay period payroll vouchers that will be issued in calendar year 2026. Agencies are not required to report qualifying overtime compensation amounts at that time but will need to provide the total year-to-date qualifying amount the first time they submit the data and must have all qualifying overtime amounts reported to the IOC by the close of their December 1-15, 2026, pay period processing or for any additional qualifying overtime compensation payments that may issue before January 1, 2027. The IOC's revised payroll voucher file layout can be found at this link, in the Accounting Forms section of the IOC website. Revisions made to the payroll voucher file layout are highlighted.

If you have questions concerning this Payroll Bulletin, please contact Ryan Cole at Ryan.Cole@illinoiscomptroller.gov. Agencies may access this and other Accounting, Payroll, and SAMS Bulletins on the IOC website.