

Update on New Budget Bills

(Please note the details below are based on the budget bill information currently and are subject to change.)

Ohio Budget Bill:

While the budget has been passed and signed, until the Department of Taxation releases official documents, nothing will be changed in USPS.

Ohio has new tax tables on the horizon.

- Tax Year 2025 - top rates will change from 3.5% to 3.125%.
 - Any amounts withheld at current rates in 2025 will be eligible for refund when staff complete their Ohio State refund.
 - <https://tax.ohio.gov/business/ohio-business-taxes/employer-withholding/employer-withholding-tables-7-2024>
- Tax Year 2026 - Ohio will transition to a flat tax of 2.75%.

Federal Budget Bill:

No changes will be made until Publication 15/15-T is updated. The IRS has 90 days from enactment to issue guidance. It may be the end of October/early November before this information is available.

- Qualifying occupations for tip deductions.
- Reasonable estimation methods for overtime.
- Updated W-2 requirements.

No tax on tips or overtime.

- Tips don't apply - no change needed.
- Overtime - Beginning Jan 1, 2025 - Dec 31, 2028.
 - Overtime that qualifies under FLSA Section 7 can be deducted for the given year.
 - Can be deducted when filing their 1040.
 - Overtime cap: up to \$12,500 (single)/\$25,000 (married filing jointly) per year.

- Expect a W2 change in the software for this amount.
 - Changes for tax year 2025 may be an estimate only and may not be included on Form W-2.
 - May need to add a new Type to Core>Adjustments>Federal Tax to allow overtime values for employees who had overtime paid as a Miscellaneous Pay Type to be added?
- Since this is a deduction at file time, do not expect the withholding part in USPS to change.

Federal Tax Tables

- No changes for 2025.
- Expect normal inflation adjusted tables in 2026.