

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 11
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10016-Nif-11

Short Title: No Tax on Tips, Overtime, Bonus Pay.

(Public)

Sponsors: Representative Warren.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW AN INCOME TAX DEDUCTION FOR OVERTIME
3 COMPENSATION, UP TO TWO THOUSAND FIVE HUNDRED DOLLARS OF BONUS
4 PAY, AND TIPS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-153.5(b) reads as rewritten:

7 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
8 deduct from the taxpayer's adjusted gross income any of the following items that are included in
9 the taxpayer's adjusted gross income:

10 ...
11 (17) Any amount received as overtime compensation pursuant to sections 206 and
12 207 of the Fair Labor Standards Act, as amended. In the case of a married
13 couple filing a joint return, each spouse may qualify separately for the
14 deduction allowed under this subdivision. To claim this deduction, the
15 taxpayer shall provide any information required by the Secretary.

16 (18) The amount received as bonus pay not to exceed two thousand five hundred
17 dollars (\$2,500). For purposes of this subdivision, "bonus pay" means
18 supplemental wages, as defined in 26 C.F.R. § 31.3402(g)-1, not including
19 tips, paid to an employee as a cash award and in recognition of the employee's
20 outstanding work, suggestions, or similar workplace dedication. In the case of
21 a married couple filing a joint return, each spouse may qualify separately for
22 the deduction allowed under this subdivision. To claim this deduction, the
23 taxpayer shall provide any information required by the Secretary.

24 (19) Any amount received as tips that are required to be reported to the taxpayer's
25 employer pursuant to section 6053(a) of the Code."

26 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
27 2025.

