



TaxNewsFlash

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Notice 2025-62: Penalty relief related to information reporting requirements for deductions for qualified tips and overtime

The IRS today released [Notice 2025-62](#), providing penalty relief to employers and other payors for tax year 2025 related to the new information reporting requirements for deductions for qualified tips and qualified overtime compensation, as enacted under Pub. L. No. 119-21 (known as the “One Big Beautiful Bill Act” (OBBA)).

Specifically, Notice 2025-62 provides relief for tax year 2025 from the penalty under section 6721 for failure to file correct information returns and the penalty under section 6722 for failure to furnish correct payee statements.

As explained in the related IRS release—[IR-2025-110](#) (November 5, 2025)—employers and other payors will not face penalties for failing to provide a separate accounting of any amounts reasonably designated as cash tips or the occupation of the person receiving such tips. In addition, employers and other payors will not face penalties for failing to separately provide the total amount of qualified overtime compensation. The relief is limited to returns and statements filed and provided for tax year 2025 and applies only to the extent that the person required to make the return or statement otherwise files and provides a complete and correct return or statement.

Notice 2024-62 states that additional guidance for individual taxpayers that addresses how they can claim the deductions for qualified tips and qualified overtime compensation when they file their tax year 2025 returns is forthcoming.

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