
PRESS RELEASE

Friday, August 4, 2023

ALDOR Provides Guidance for Overtime Pay Exempt from Income Tax

MONTGOMERY – The Alabama Department of Revenue (ALDOR) [published guidance today](#) on our website for reporting overtime pay that will be exempt from income tax for the upcoming tax year, along with some frequently asked questions and other relevant information.

For the tax year beginning on or after January 1, 2024, overtime pay received by a full-time hourly wage paid employee for hours worked above 40 in any given week are excluded from gross income and therefore exempt from Alabama state income tax.

Tied with this exemption are employer reporting requirements to ALDOR. Employers are required to report the total aggregate amount of overtime paid and the total number employees who received overtime pay.

To learn more about who must report and how, what qualifies as exempt, and other details, visit <https://www.revenue.alabama.gov/individual-corporate/overtime-exemption/>.

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