

## IRS Releases Draft 2026 Form W-2 with Overtime and Tips Compensation

---

August 27, 2025

---

**PRACTICES** Employee Benefits and Executive Compensation

---

The IRS has published a draft of the 2026 Form W-2, which incorporates above-the-line tax deductions for “qualified tips” and “qualified overtime compensation,” as recently established by the One Big Beautiful Bill Act. The early release draft includes new codes for Box 12 as related to tips and overtime, as well as modifications to Box 14 for qualifying “treasury tipped occupation codes”.

The early release draft form of the 2026 Form W-2 is available [here](#). While not finalized, employers should consider the impact that these new codes will have on their payroll reporting processes.