SAMPLE. Synthetic data: a made-up employer and employees, computed by Workweek Check from its test fixture. Not a real client.

WORKWEEK CHECK

Method memo: code TT for tax year 2026

Sample Employer LLC (synthetic) · EIN 00-0000000 · tax year 2026 · run 1, computed 17 November 2026 · method version `2026.3.0` · generated 17 November 2026 02:36 UTC

> This is a calculation. It is not tax or legal advice, and it does not determine any employee's FLSA status, any employer's obligations or any person's tax position. This memo records how each employee's qualified overtime (Form W-2 box 12, code TT) was computed: the inputs, the employer settings and the conventions. Whether an employee is exempt, how earning codes are classified and which special overtime arrangements apply are the employer's inputs; the calculation doesn't decide them. Amounts depend on the completeness and accuracy of those inputs.

1. Summary

EMPLOYEES	COUNT
Computed	3
$0 by rule	1
No figure	1
All employees in the upload	**5**

Total code TT computed for 2026	`246.50`
Method version	`2026.3.0`
Run	1, computed 17 November 2026 02:36 UTC

“No figure” means the upload doesn't allow an exact amount for that employee (for example, hours that can't be traced to workweeks). No estimate or partial amount is shown for them; their amount must be determined separately. “$0 by rule” covers exempt employees, 20% owners and other overtime exemptions.

2. Employer settings

Workweek	Starts Monday 00:00: a fixed, recurring period of 168 hours, as stated by the employer for this run.
Bonus allocation	Per hour worked

Special overtime arrangements checklist

ARRANGEMENT	REFERENCE	ANSWER
A tip credit	§3(m)	Tagged employees only
Comp time (public employers)	§7(o)	Not used

ARRANGEMENT	REFERENCE	ANSWER
Hospital 8/80	§7(j)	Not used
A fire or police work period	§7(k)	Not used
The retail commission exemption	§7(i)	Not used
Belo contracts	§7(f)	Not used
Rate-in-effect agreements	§7(g)(2)	Not used
Fluctuating workweek pay	29 CFR 778.114	Not used

An employee covered by an arrangement other than rate-in-effect is not computed (no figure): those arrangements change how overtime is measured.

3. Inputs

Files

FILE	SHA-256
hours.csv	`79c910ffd6c96c408a3956e3368b41816215faac130fc06afa11cd786c9525e8`
earnings.csv	`7001b9fa83dc725c7efe75d460d687dce2cb9632abe2940e20b0213867d895fb`
earning_codes.csv	`fcce7268faaca881020570f201838a4c690e4951dc7bb3fb25ee012d37c7e50f`
employees.csv	`be5eddfc98e9a90859624f67bbfe7945e99c5dd2d6e8edcfb433a012984fe993`

The same files give the same result under the same method version. The uploaded files and per-employee results are deleted 30 days after the run; the hashes above identify the files if they are uploaded again.

Rows read hours 115 · earnings 46 · employees 5 · earning_codes 9

Pay dates 2026-12-18 to 2027-01-15

Workweeks starting 2026-11-30 to 2027-01-04

Earning-code classification (reviewed by the firm)

EARNING CODE	DESCRIPTION	CATEGORY	AMOUNT BASIS	MULTIPLIER
Bonus	Production bonus (nondiscretionary)	Nondiscretionary bonus	—	—
Holiday Pay	Holiday not worked	Holiday not worked	—	—
Hourly	Hourly pay (default rate)	Straight time	—	—
Hourly 2	Hourly pay, second rate	Straight time	—	—
Overtime Pay	Overtime 1.5x	Overtime (FLSA)	full	1.5
Paid Time Off	PTO	Paid leave	—	—

EARNING CODE	DESCRIPTION	CATEGORY	AMOUNT BASIS	MULTIPLIER
Qualified Overtime Tracking	Payroll's TT tracking line	TT tracking line	—	—
Salary	Salary	Salary (nonexempt)	—	—
Shift Differential	Night shift differential	Shift differential	—	—

Job-code mapping

JOB CODE	EARNING CODE	STRAIGHT-TIME RATE
General Labor	Hourly	from the hours or earnings
Install	Hourly 2	from the hours or earnings
Night Shift	Shift Differential	from the hours or earnings
Office	Salary	from the hours or earnings
Shop	Hourly	from the hours or earnings

4. Method

Hours worked per workweek come from the hours table. Paid leave and holiday hours not worked are not hours worked. Overtime is measured in each workweek on its own, with no averaging across workweeks and no split at pay-period boundaries or at 31 December (29 CFR 778.104). For each workweek:

- **Regular rate** = includable pay for the workweek ÷ hours worked (29 CFR 778.109): straight time at the rates in effect (a weighted average for several rates), shift differentials, nondiscretionary bonuses, piece and day-rate pay and retro pay. Paid leave, holiday pay not worked, discretionary bonuses and reimbursements are excluded (29 USC 207(e)). Salaried non-exempt pay is converted to a weekly amount and divided by the hours it covers.
- **Required premium** = ½ × regular rate × hours worked over 40.
- **Creditable premium** = the premium part of overtime, daily, double-time and special-day premium pay for that workweek (29 USC 207(h)). Credit stays inside its workweek.
- **Qualified overtime** = the lesser of the required and the creditable premium.

Code TT is the qualified overtime paid on pay dates in 2026, summed per employee. A workweek is never split between tax years: each payment toward it counts in the year of its pay date. Amounts are before the employee's deduction limit and phase-out.

5. Conventions

No IRS text settles the following points. This run applies them consistently.

1. **Qualified overtime per workweek is min(required premium, creditable premium).** Where the creditable premium is below the required premium, code TT reflects the premium actually paid, because 26 USC 225 and IRS FS-2026-13 speak of overtime compensation paid. If the employer pays more later, it is qualified overtime in the year it is paid. Gaps of $0.05 a workweek or less are treated as rounding.

2. **Bonus allocation.** A nondiscretionary bonus or true-up is traced to the workweeks it was earned in (the earned-from and earned-to dates when given, otherwise its pay period) and divided across them per hour worked, the employer's setting (29 CFR 778.209).
3. **True-ups.** A true-up or retro payment covering several workweeks is credited to each workweek in proportion to the premium still required there when it is paid.
4. **Includable pay** in pay periods with several workweeks is what is owed: hours worked at the rate traced to each row. Premium counts as paid only after straight time is covered.
5. **Rounding.** Rates and premiums are kept at full decimal precision, summed per employee per tax year and rounded once to cents, half-up. A payroll that rounds each paycheck can differ by a few cents.
6. **No estimates.** Pay that can't be traced to workweeks exactly is not allocated or estimated: the employee gets no figure, with the reason named.

6. Minimum wage

Each workweek's regular rate is compared with the federal minimum wage ($7.25) and with the state minimum wages in the table of this method version (checked 2026-11-16). Below the federal minimum, the employee gets no figure. Below only a state minimum, the employee is computed and flagged for review, because state coverage by employer size isn't modelled. **City and county minimum wages are not checked.**

Appendix: employees

EMPLOYEE ID	STATUS	CODE TT 2026	WORKWEEKS WITH QUALIFIED OVERTIME	FLAGS
E001	Computed	130.00	3	—
E002	Computed	50.00	2	F-RIE Rate-in-effect overtime (2) F-STRAIGHT Straight time below hours at the traced rate (2)
E003	Computed	66.50	3	F-BONUS Multi-week bonus (3)
E004	No figure	–	—	F-TIP Tip credit
E005	$0 by rule	0.00	0	F-EXEMPT Exempt from FLSA overtime

Flags name situations the run detected; their codes and wording come from the flag catalogue of this method version.

> This is a calculation. It is not tax or legal advice, and it does not determine any employee's FLSA status, any employer's obligations or any person's tax position. These results depend on the firm's inputs and classifications: the hours and earnings uploaded, each employee's FLSA status, the earning-code and job-code mapping, the workweek, the bonus allocation and the special overtime arrangements checklist. Workweek Check does not decide any of them.