

- What is it? A provision of the “One Big Beautiful Bill” (OBBA) which allows non-exempt employees to take a temporary annual deduction of up to \$12,500 for single filers and \$25,000 for those married filing jointly.
- What qualifies? Only overtime compensation required under the federal Fair Labor Standards Act (FLSA) – this is the half time of the 1.5X for hours actually worked over 40. Any overtime required by state law, union contracts or paid voluntarily by the employer is not eligible. Premium pay for salaried (exempt) employees is not eligible.
- The IRS has deemed 2025 to be a transition year as most reporting systems are not yet designed to handle these changes. As such, National Grid will not be providing detailed OBBBA eligible overtime values to employees and recommend employees refer to IRS notice 2025-69.
- The Company does not have a reporting obligation with respect to this for 2025 earnings and tax purposes. Employee W-2's for 2025 will not contain any information regarding this provision.
- The Company will note OBBBA eligible overtime values in Employee W-2's for 2026.
- **Employees should speak with a professional tax advisor on this matter as National Grid cannot provide tax advice.**