

If you are in a state with its own overtime laws, or otherwise offer overtime not mandated by FLSA, you may benefit from activating the Overtime Classification column for the Summary Report. This will help you identify and report your employees' qualified overtime for tax exemption.

Setting Up Overtime Classification

Setup menu, General Setup Options

Detailed / Summary Report ☐ Display Employee # column
☒ Display qualified/nonqualified overtime (Summary Report only)

How it Works

Per FLSA, any hours worked after 40 in a workweek are considered federally mandated overtime. So even if daily overtime has been accruing throughout the week, once the employee has reached 40 hours of regular rate time, any overtime beyond that - whether it was accrued weekly or daily - is now FLSA enforced overtime.

Once the feature is activated, the ETC Summary Report will display a new column for Overtime Classification. It will designate all hours after 40 as "Qualified" and everything else as "Nonqualified."

Employee	Pay Period	OT Classification
David Miller	77h 0m Wrk RR	5h 0m Wrk Qualified OT 3h 0m Wrk Nonqualified OT
	8h 0m Wrk OT	
	85h 0m Total	

Important

If you are on a semimonthly pay schedule, your workweeks do not always line up with your pay period. This can cause discrepancy! Please read this disclaimer and reach out to us with any questions you may have.

In the event that state overtime is earned early in the week, and the pay period ends before the week does, the overtime will be considered Nonqualified – even though it may later be considered Qualified.

THE REPORT WILL NOT CORRECT ITSELF RETROACTIVELY.

For the most accurate reference of qualifying overtime, you will want to review the entire year's hours at the end of the year. By entering a Date Range of January 1 to December 31, overtime accrued each week will calculate and classify appropriately without the disturbance of pay period splits.

Please see example below.

This example is taken from the Detailed Report, although you will **not see this column from your side. To keep the Detailed Report cleaner, we have applied the OT Classification only to the Summary Report. If you need help understanding how overtime was classified in a particular week, please contact Support!*

Example: Classification Discrepancy

Pay Period #1

Employee accrued daily overtime on Tuesday. It is classified as Nonqualified.

Employee	Date	In	Out	Hours	Type	Day	Week	Pay Period	Action	FLSA Workweek Overtime
Daniel	Mon 6/29/2026	9:00 AM	5:00 PM	8h 0m	Project 1	8h 0m Proj 1	8h 0m Proj 1	8h 0m Proj 1	Edit	
Daniel	Tue 6/30/2026	8:00 AM	5:00 PM	9h 0m	Project 1	8h 0m Proj 1 1h 0m OT 9h 0m Total	16h 0m Proj 1 1h 0m OT 17h 0m Total	16h 0m Proj 1 1h 0m OT 17h 0m Total	Edit	1h 0m Nonqualified OT

Pay Period #2

Employee ends up working over 40 hours in the workweek. This ultimately re-qualifies all of the hours that were previously listed as Nonqualified, as the employee has now met the requirements for FLSA regulated overtime.

Employee	Date	In	Out	Hours	Type	Day	Week	Pay Period	Action	FLSA Workweek Overtime
Daniel	Mon 6/29/2026	9:00 AM	5:00 PM	8h 0m	Project 1	Showing Workweek From Last Pay Period	8h 0m WH	8h 0m WH		
Daniel	Tue 6/30/2026	8:00 AM	5:00 PM	9h 0m	Project 1	Showing Workweek From Last Pay Period	17h 0m WH	17h 0m WH		1h 0m Nonqualified OT
Daniel	Wed 7/1/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	8h 0m Pro 1h 0m OT 9h 0m Total	8h 0m Pro 1h 0m OT 9h 0m Total	Edit	1h 0m Nonqualified OT
Daniel	Thu 7/2/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	16h 0m Pro 2h 0m OT 18h 0m Total	16h 0m Pro 2h 0m OT 18h 0m Total	Edit	2h 0m Nonqualified OT
Daniel	Fri 7/3/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	24h 0m Pro 3h 0m OT 27h 0m Total	24h 0m Pro 3h 0m OT 27h 0m Total	Edit	3h 0m Qualified OT
Daniel	Sat 7/4/2026			9h 0m	Project 12	9h 0m OT	24h 0m Pro 12h 0m OT 36h 0m Total	24h 0m Pro 12h 0m OT 36h 0m Total	Edit	12h 0m Qualified OT

Although you can see the hour listed for Tuesday (from the previous pay period), it does not count toward the Qualified OT total. This is to avoid the risk of double-paying. But when you use the Date Range to view the workweek, not separated by pay period, you can see the hour counted toward the Qualified OT total.

(see below)

Qualified Overtime

Date Filter		People Filter		Hours Filter		Export	
Pay Period	Date Range	Status: Active	Hours	Proj. Group	Project	Print Report Export to Excel Export to Excel (CSV)	
Display Pay Periods	06/28/2026 - 07/05/2026 Change Date	Department All Employee All	All All Hide	All All All	All All		

Employee	Date	In	Out	Hours	Type	Day	Week	Pay Period	Action	Workweek OT Classification
Daniel	Mon 6/29/2026	9:00 AM	5:00 PM	8h 0m	Project 1	8h 0m Proj 1	8h 0m Proj 1	8h 0m Proj 1	Edit	
Daniel	Tue 6/30/2026	8:00 AM	5:00 PM	9h 0m	Project 1	8h 0m Proj 1 1h 0m OT 9h 0m Total	16h 0m Proj 1 1h 0m OT 17h 0m Total	16h 0m Proj 1 1h 0m OT 17h 0m Total	Edit	1h 0m Nonqualified OT
Daniel	Wed 7/1/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	16h 0m Proj 1 8h 0m Pro 2h 0m OT 26h 0m Total	16h 0m Proj 1 8h 0m Pro 2h 0m OT 26h 0m Total	Edit	2h 0m Nonqualified OT
Daniel	Thu 7/2/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	16h 0m Proj 1 16h 0m Pro 3h 0m OT 35h 0m Total	16h 0m Proj 1 16h 0m Pro 3h 0m OT 35h 0m Total	Edit	3h 0m Nonqualified OT
Daniel	Fri 7/3/2026			9h 0m	Project 12	8h 0m Pro 1h 0m OT 9h 0m Total	16h 0m Proj 1 24h 0m Pro 4h 0m OT 44h 0m Total	16h 0m Proj 1 24h 0m Pro 4h 0m OT 44h 0m Total	Edit	4h 0m Qualified OT
Daniel	Sat 7/4/2026			9h 0m	Project 12	9h 0m OT	16h 0m Proj 1 24h 0m Pro 13h 0m OT 53h 0m Total	16h 0m Proj 1 24h 0m Pro 13h 0m OT 53h 0m Total	Edit	13h 0m Qualified OT

This is why it is important to check the Qualified OT totals at the end of the year! When you view Date Ranges rather than Pay Periods, the report will total the hours based on the workweeks.