

E-ALERT: Massachusetts Issues Clarification on Paid Family and Medical Leave Payroll Withholdings



Summary

On July 26, 2019, the Department of Paid Family and Medical Leave (PFML) issued new guidance on how payroll withholdings will be determined beginning October 1, 2019.

The state's paid leave program provides temporary income replacement to eligible workers who are welcoming a new child, are struck by a serious illness or injury, need to care for a seriously ill relative, and for certain military considerations.

Key Points

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1. The payroll tax rate of 0.75% of wages for covered individuals begins on October 1, 2019.
2. Previously, the interpretation was that wage contributions would be due for services performed by an employee on or after October 1, 2019.
3. The Department of Paid Family and Medical Leave (PFML) has issued new guidance on how wage contributions will be determined. The new determination is that wage contributions will be based on the paycheck date, not the date services are performed. For example, if an employee receives their paycheck on or after October 1, 2019 and some of their services performed were in September, all of the wages in this paycheck are subject to MA PFML contributions.
4. The first tax payment from employers will be due by January 31, 2020, for covered wages paid from October 1, 2019, through December 31, 2019.

Employer Next Steps

- Use the template notice to inform your employees and independent contractors of their rights under the new law. Employers who completed the notification process prior to the June 14th extension will need to issue an amendment to the form and distribute it to all employees with the modified contribution rate. The amendment does not need to be signed by the employee and can be sent electronically. This process will need to be completed each time that the rate changes. Updated forms can be accessed [here](#).
- Display the updated workplace poster, which you can download [here](#);
- Work with your current payroll provider to set up the tax calculations through payroll. If you are a Full-Service or Managed Payroll client of HR Knowledge, we will handle this for you;
- [Register](#) for our complimentary July 31 webinar covering the key provisions of the law.
- If you are not a client but are interested in learning more about our services, please [email us](#).

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