

Update: Massachusetts Paid Family And Medical Leave – New Deadlines And Tax Implications

Description

As we indicated in our prior client alerts on the new Massachusetts paid family and medical leave law (“PFML”), while the first phase of the law goes into effect on July 1, the PFML’s procedural requirements and operational mechanics continue to be revised and updated.

The Department of Family and Medical Leave (“DFML”) announced the following updates today:

First, the exemption deadline has been extended for Quarter 1. The DFML’s current guidance requires that exemptions for private plans must be approved in the quarter prior to the quarter in which they will go into effect. For Quarter 1 only, the deadline to file for a private plan exemption is being extended from June 30 to September 20, 2019. Going forward, the DFML will continue to accept applications on a rolling basis but applications must be approved in the quarter prior to the quarter in which they go into effect. It is important to note that the extension only impacts the contribution requirements if the exemption request is approved. If the exemption request is denied, the impacted business will be responsible for remitting the full contribution amount from July 1, 2019 forward. DFML has recommended that employers consult with their tax advisors as to the implications associated with applying for a private plan exemption that may not be approved.

Second, the deadline for providing personal notice to existing employees has been extended from May 31 to June 30, 2019. The notice, which may be provided electronically, must include the opportunity for an employee or self-employed individual to acknowledge receipt or decline to acknowledge receipt of the information. Our most recent update, [available here](#), includes additional information on the notice requirements and the form of notice issued by the DFML.

Third, DFML is continuing its efforts to address the tax issues relating to contributions as the law itself is silent on this issue. The DFML indicated today that *“the tax treatment of PFML contributions for both state and federal purposes is governed by federal tax law. The Commonwealth has requested guidance from the Internal Revenue Service on this question and others related to the tax implications of PFML contributions and benefits. Until IRS guidance is issued, individuals and businesses are urged to consult with their own tax advisors on these questions. Based on its own review of federal rules and following consultation with the Massachusetts Department of Revenue, the Department of Family and Medical Leave anticipates that the IRS will conclude that employee contributions should be withheld from after-tax wages. A definitive rule for proper tax treatment of contributions will be available once IRS guidance is issued.”*

The DFML website is being updated on an ongoing basis and employers should look [here](#) and [here](#) for updated information.

Partridge Snow & Hahn joined with Starkweather and Shepley to present a webinar designed to give employers a better understanding of the law and their compliance obligations. The webinar presentation can be viewed [here](#).

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