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**New York PFL
Tip-of-the-Week**

Tip #6: Tax Implications of New York Paid Family Leave

The state of New York has released much-needed guidance on the tax implications of employee premium contributions and benefits under the state's new Paid Family Leave (PFL), slated to go into effect on January 1, 2018. According to the New York Department of Taxation and Finance:

- *Benefits paid to employees will be taxable non-wage income that must be included in federal gross income.*
- *Taxes will not automatically be withheld from benefits; employees can request voluntary tax withholding.*
- *Premiums will be deducted from employees' after-tax wages.*
- *Employers should report employee contributions on Form W-2 using Box 14 – State disability insurance taxes withheld.*
- *Benefits should be reported by the State Insurance Fund on Form 1099-G and by all other payers on Form 1099-MISC.*

The Department released this guidance upon consideration of applicable state and federal laws and regulations, and after consultation with the federal Internal Revenue Service (IRS). The Department warns, however, that every employee, employer and insurance carrier should consult with its own tax advisor.

The Department's Notice can be found here: https://www.tax.ny.gov/pdf/notices/n17_12.pdf.

The information provided is based on the STATUTE signed into law on April 4, 2016, the FINAL REGULATIONS issued July 19, 2017, and New York State's comments in response to the 30 day public comment period from May 24 through June 23, 2017. We will update materials as new information becomes available. Contact us at NYPFL@rsli.com at any time with questions.

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