



Massachusetts Extends Annual Payroll Tax Exemption for Insured Plans

The Massachusetts Department of Family and Medical Leave has announced that the “annual” payroll tax exemptions received by employers for insured plans under the Paid Family and Medical Leave Law (the “Law”) have been extended.

The Law requires most private employers in Massachusetts to provide covered individuals with paid family and medical leave (“PFML”).

Massachusetts employees may be entitled to receive paid leave on an annual basis for:

- Medical leave of up to 20 weeks for the employee’s own health condition;
- Family leave, generally up to 12 weeks, to care for family members; and
- Combined medical and family leave of up to 26 weeks.

The PFML is funded by collecting “contributions” through a payroll tax from employers, employees and self-employed individuals. Employers averaging less than 25 employees are exempt from paying the employer share of these contributions.

Employers with a private paid leave plan may apply for an annual exemption from the payroll tax for the medical coverage, family leave coverage, or both. Exemptions will only be approved where the employer’s private leave plan confers the same rights, protections and benefits as are provided under the Law. (For more information on the Act, please see our Alert of 2/7/19.)

Employers with an insured plan that currently have an exemption for the period beginning October 1, 2019, and ending September 30, 2020, have had their private plan exemptions extended through December 31, 2022. Because of this extension, applications for renewal of the exemption will not be accepted before November 30, 2020.

There is no extension of the exemption for employers with self-insured plans, so their exemptions are still due to expire on September 30, 2020. Therefore, these employers must renew their exemption on or before this date by submitting a renewal application.

Employers that do not intend to renew their exemptions must contact the PFML Contact Center at (617) 466-3950, or send an e-message via MassTaxConnect.

Insured employers that intend to renew their exemption but switch to a self-insured plan may do so beginning on October 1, 2020, by logging on to their PFML account at MassTaxConnect to complete the renewal application.

Additional information on requesting an exemption can be found at: <https://www.mass.gov/info-details/applying-for-a-private-paid-leave-exemption>

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