



New York State's New Paid Family Leave Program

The State's new Paid Family Leave program has tax implications for New York employees, employers, and insurance carriers, including self-insured employers, employer plans, approved third-party insurers, and the State Insurance Fund. We have reviewed the New York statute, implementing regulations, and applicable laws, caselaw and federal guidance, and we have consulted with the Internal Revenue Service regarding the appropriate tax treatment of family leave contributions and benefits under the New York program. Based upon this review and consultation, we offer the following guidance:

- 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

We hope this guidance is helpful to you as you move forward with implementation of this new program. However, it is the responsibility of each employee and employer/insurance carrier to consult with its tax advisor.

Note: An N-Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The department does not revise previously issued N-Notices.