

A memo from the Massachusetts Department of Family and Medical Leave (DFML) regarding IRS Revenue Ruling 2025-4 and Notice 2026-6 | Updated December 29, 2025

DFML will delay its implementation of certain portions of the tax withholding and reporting requirements outlined in IRS Revenue Ruling 2025-4 due to new guidance issued by the IRS.

On January 15, 2025, the IRS issued [Revenue Ruling 2025-4](#), the first comprehensive guidance from the IRS on the federal income and employment tax treatment of PFML benefits and contributions to state PFML programs. Throughout 2025, DFML communicated the requirements of the new guidance with Massachusetts employers.

On December 19, 2025, the IRS issued [Notice 2026-6](#) which extends the transition period provided to state paid family and medical leave programs and employers for an additional year. Due to this new guidance, DFML will delay its implementation of certain portions of the tax withholding and reporting requirements outlined in Revenue Ruling 2025-4. Employers should expect further communication from DFML in 2026 regarding implementation of new tax guidance.

What This Means for Massachusetts Employers in 2026

For the calendar year 2026:

- DFML will **not** treat medical leave benefit payments as “third party sick pay.”
- There will be **no new employer withholding or reporting requirements** for PFML benefits.
- There will be **no changes to employer FICA or FUTA tax responsibility** for PFML benefits.
- Employees may continue to **elect federal and state income tax withholding on taxable benefits**.
- For employers with 25 or more employees, **sixty percent (60%) of the medical leave benefits paid to employees will be taxable for federal and state income tax purposes**. This is based on employer contribution amounts. DFML will report the taxable amount on Form 1099-G, which will be issued directly to employees.

- Medical leave benefits paid to employees of employers with fewer than 25 employees are **not taxable**.
- **100% of family leave benefit payments will be taxable for federal and state income tax purposes.** DFML will report the taxable amount on Form 1099-G, which will be issued directly to employees.

We thank you for your patience as we navigate this new IRS guidance. We will continue to communicate with constituents as implementation of the guidance evolves.