



Maine Paid Family and Medical Leave

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maine.gov/paidleave



Maine PFML – Key Dates

October 25, 2023: Maine PFML law takes effect.

January 1, 2024: PFML Authority appointed.

May 1, 2024: Rulemaking begins.

July 1, 2024: Maine PFML partners with FAST Enterprises for
Maine Paid Leave portal.

January 1, 2025: Maine Paid Leave portal launches and
contributions begin.

May 1, 2026: Maine PFML benefits begin.





Income and employment tax treatment of PFML contributions and benefits

Contributions – Types and tax consequences

Benefits – Types and tax consequences.

Transition Periods

What is the Bureau of Paid Family and Medical Leave doing and when?



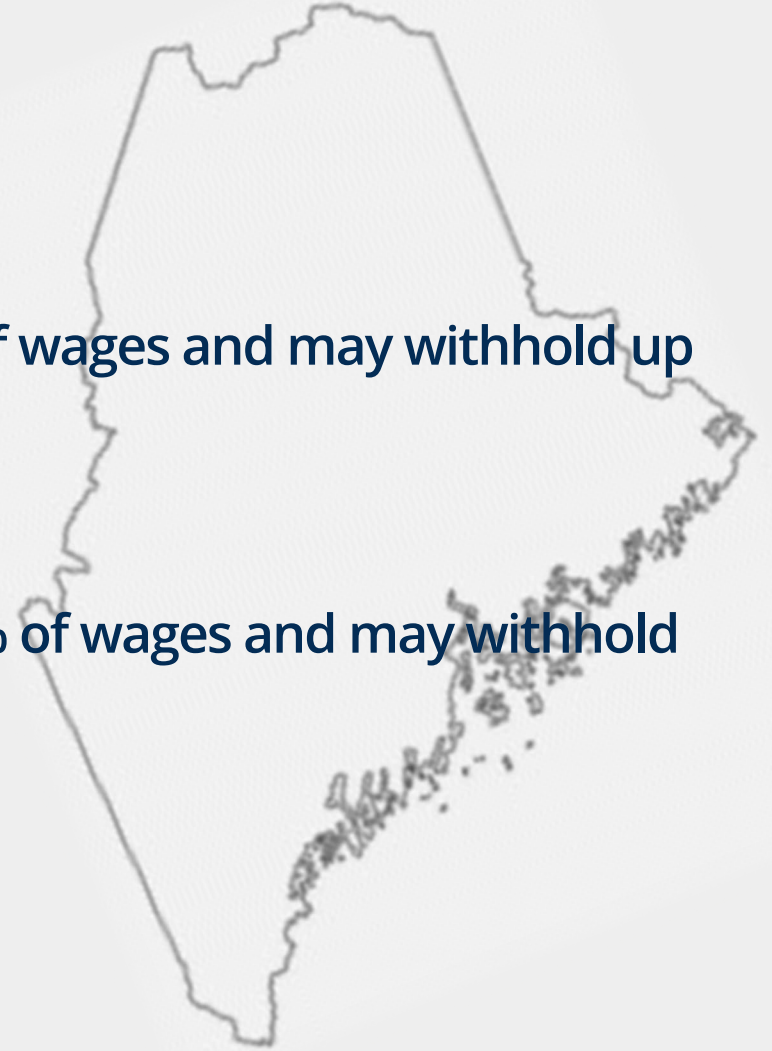


Question #1



PFML Contributions

- Large employers (15 or more employees) remit 1% of wages and may withhold up to 0.5% from employees.
- Small employers (less than 15 employees) remit 0.5% of wages and may withhold the entire amount from employees.





Maine PFML tax consequences

On January 15, 2025, the IRS released Revenue Ruling 2025-4.

RR 2025-4 provides guidance on State PFML contributions, benefits and information reporting requirements.

**The Revenue Ruling does not apply to private plan substitutions.*





PFML Contributions tax consequences



Types of Contributions	Consequence to Employer	Consequence to Employee
Employer contribution	Employer may deduct as an excise tax.	Not included in FGI.
Employee contribution	Included as wages on Form W-2.	Included in FGI as wages. May deduct if itemized.
Employer pick-up contribution	Deductible as ordinary and necessary business expense. Included as wages on employee's Form W-2.	Additional income to employee, included in FGI. May deduct if itemized.



Question 2



PFML Benefits

Family leave: Parental Care, Family Care, Military family and Safe leave

Or

Medical Leave





PFML Family Leave tax consequences



Types of Benefits	Amount attributable to Employer contribution	Amount attributable to Employee contribution
Family Leave Benefits	Included in Federal gross income.	Employee and employer pick-up contributions included in Federal gross income.



PFML Medical Leave tax consequences.



Types of Benefits	Amount attributable to Employer contribution	Amount attributable to Employee contribution
Medical Leave Benefits	Amounts attributable to employer contribution are taxable as wages. These payments are third-party sick pay payments by a party that is not an agent of the employer.	Amounts attributable to employee contributions and employer pick-up contributions are excluded from the employee's Federal gross income.



PFML benefits taxes – plain language.

Types of Benefits	Taxability
Family Leave Benefits	Taxable – recipient will be issued 1099-G.
Medical Leave Benefits	Leave taken from small employer – not taxable to benefits recipient. Leave taken from large employer – partially taxable.



Question #3

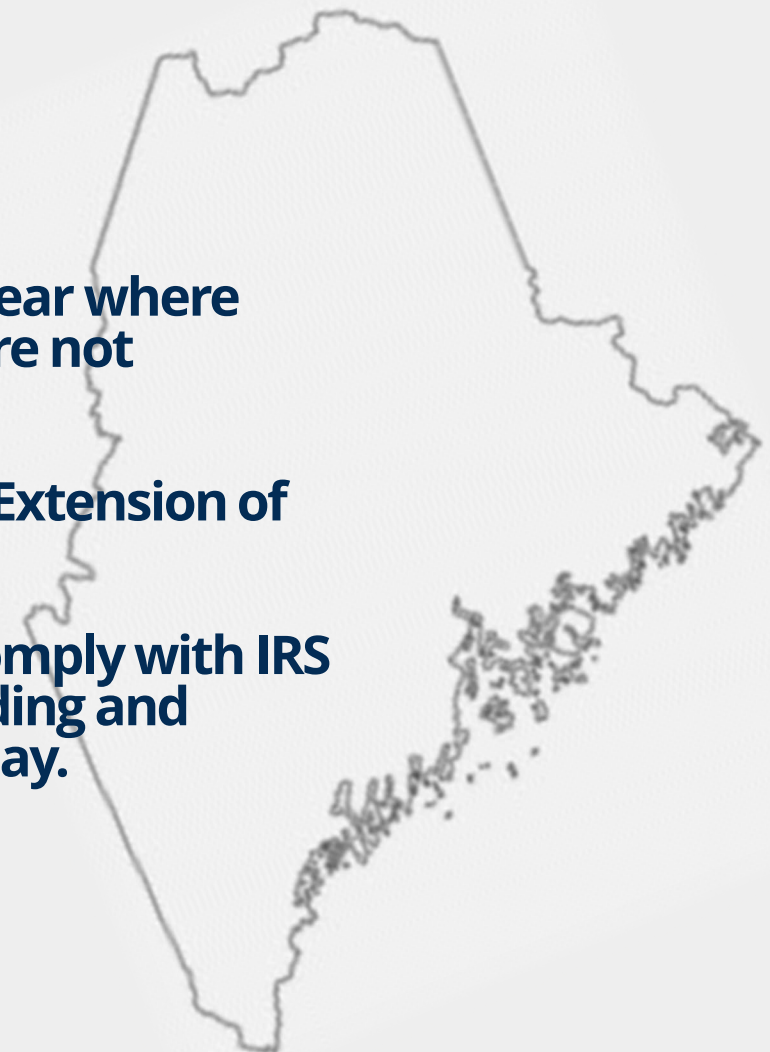


Transition periods

The IRS allowed calendar year 2025 to be a transition year where withholding and third-party sick pay requirements were not required on medical leave payments.

On December 19, 2025, the IRS released Notice 2026-6 'Extension of Transition Period to Calendar Year 2026...'

The 2026 extension has allowed states more time to comply with IRS guidance and has further delayed income tax withholding and reporting requirements applicable to third-party sick pay.





What is Maine PFML doing?

2026: For Calendar Year 2026, Maine PFML will:

- Issue payment for family and medical leave claims beginning May 1, 2026.
- Collect and remit federal and state income tax withholding.
- Issue form 1099-G for family leave and medical leave payments.





What is Maine PFML doing?



2027: For Calendar Year 2027, Maine PFML will:

- Issue payments for approved Paid Family and Medical Leave claims.

	Withholding	FICA	FUTA	Information reporting
Family Leave	Withhold/Remit	N/A	N/A	Issue Form 1099-G
Medical Leave	Withhold/Remit	Yes	Yes	Issue Form W-2



Questions?

Thank you.



Cover background image by Maine Tourism Association / Sunset cliff image by @Stan Dzugan Photography