# Massachusetts Announces Guidance on PFML Tax Treatment

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Previously, the Internal Revenue Service issued IRS Revenue Ruling 2025-4, which among other things, informed that medical leave benefits attributable to employer contributions are taxable wages. In an effort to mitigate the impact of this guidance, new Massachusetts legislation shifts employer contributions from medical leave to family leave, effective January 1, 2027.

The Massachusetts Department of Family and Medical Leave ("DFML") recently announced the 2027 contribution rate to be determined by DFML on or before October 1 will reflect the legislative change for contribution rates that take effect beginning on January 1, 2027. The DFML employer contribution rates and calendar webpage provide an example of the 2027 contribution rate split for employers with 25 or more covered individuals. As a reminder, there will be no change for employers with fewer than 25 employees as there is no required employer contribution for medical leave for these employers.

## Employer Action

The DFML informs that its tax information applies to employers in the state program. It recommends that employers consult their tax professional regarding private plans or self-funded plans. All employers should work with their payroll processors, tax professionals and private plan vendors as applicable. We will continue to monitor this issue and provide a compliance update when the 2027 contribution amounts are announced in the next few months.