



TAX ALERT

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New Jersey Paid Family Leave Insurance: Employer Responsibilities

New Jersey has become the third state in the nation to enact Paid Family Leave Insurance legislation. The legislation allows an employee to receive a partial wage replacement for a period of up to six weeks in any 12-month period to either bond with a newborn or adopted child or care for a seriously ill family member. This alert provides an overview of this legislation and focuses on the steps employers need to take to comply with the new requirements.

Overview

- The paid family leave benefit is funded through an additional tax assessed on an employee's wages.
- The new .09 percent tax is required to be withheld beginning with wages paid in 2009 and is subject to the same wage base for unemployment and disability insurance (\$28,900 for 2009).
- Employees can apply for benefits beginning on July 1, 2009.
- The act applies to all employers covered by the New Jersey's Temporary Disability Program.
- An employee is eligible for the benefits if they have worked at least 20 calendar weeks in which they earned at least \$143 or earned at least \$7,200 in the preceding calendar year.

Compliance

- All employers must display the enclosed poster in the workplace and must distribute a copy of the poster to each employee.
- All future employees must be given a copy of the poster.
- Employers must begin withholding the new tax beginning with the first payroll processed in 2009.
- This legislation does not protect an employee's job unless it is otherwise protected by other laws such as the Federal Family and Medical Leave Act and the New Jersey Family Leave Act.

This program is relatively new and many questions still need to be answered. The Department of Labor and Workforce Development are expected to create regulations in coming months regarding this new fund. Additional information can be found at www.nj.gov/labor.

The above represents a summary of the new rules and does not address all of the details contained in the new legislation. For clarification or more information on these and other tax matters, contact your W&G tax advisor at 732-846-3000.

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