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DC Paid Leave Tax: Contributions Begin on July 1

Law and the Workplace on **July 2, 2019**

As we previously reported, the Universal Paid Leave Amendment Act of 2016 will provide Washington, DC employees with ***paid leave*** for several reasons, including:

- Up to eight weeks of paid parental leave to bond with a new child;
- Up to six weeks of paid family leave to care for a covered family member with a serious health condition; and
- Up to two weeks of paid medical leave to care for the employee's own serious health condition.

The paid leave benefits will be funded by a 0.62 percent quarterly payroll tax on employees' total wages, which the District of Columbia ***will begin collecting on July 1, 2019***. Although the tax is calculated based on employees' quarterly wages, the cost cannot be deducted from employee pay.

On July 1, employers must submit wage reports (Form UC-30) to cover both unemployment insurance and paid leave requirements. These reports are based on the wage tracking that employers must conduct on covered employees between April 1, 2019 and June 30, 2019. If an employer pays unemployment insurance tax on an employee for a quarter, then the employee will automatically be presumed to be a covered employee for paid leave.

Employers have until July 31, 2019 to pay the paid leave tax. Employers who fail to make contributions by this deadline will be assessed an interest rate of 1.5% per month until the contributions are made. If contributions are not paid, or wage reports are not filed on or before the first day of the second month following the close of the calendar quarters for which they are due, an added penalty of $100 or 10% of the amount due (whichever is higher) will be assessed.

In addition to tracking employee wages and making quarterly tax payments, employers also are required to post a notice about PFL in a conspicuous place in the workplace, and provide such notice to all employees upon hire and annually thereafter. Employers must also provide this notice at the time it becomes aware that the leave is needed, though employees may not begin using paid leave until July 1, 2020. An employer who fails to provide notice in accordance with the law will be subject to civil penalties, not to exceed $100 for each covered employee to whom individual notice was not delivered and $100 for each day that the employer fails to post notice in a conspicuous place.

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