

DC Employers Must Comply with New Paid Leave Tax

By Scott Mirsky

SUMMARY: Employers in DC are now faced with another payroll tax. Beginning with wages paid on or after April 1, 2019, employers will be assessed an additional payroll tax of .62 percent. Collection of this tax will begin on July 1, 2019. This tax will fund paid family and medical leave benefits beginning on July 1, 2020.

Employers in the District of Columbia now face a new tax designed to compensate employees for family and medical leave. The District of Columbia's Universal Paid Leave Amendment Act ("DC Universal Paid Leave Act") requires private employers to pay a .62 percent tax on all wages earned by each employee who spends more than 50% of their time working in D.C. (even if the employer is not located in D.C.). Collection of this tax will begin on July 1, 2019 for wages paid in April, May and June of 2019. Even if an employer provides a generous leave program to its employees, the employer will still be assessed the tax.

Employees will be able to start taking advantage of the benefits under the DC Universal Paid Leave Act on July 1, 2020. To receive the paid leave benefit, an employee will be required to submit a claim to the D.C. Department of Employment Services ("DOES"), similar to how an employee now files a claim for unemployment insurance.

The maximum duration of the family and medical leave benefit under the DC Universal Paid Leave Act will vary based on the type of leave:

- **Family Paid Leave:** Up to six (6) weeks of paid leave to allow an employee to provide care or companionship for a family member who has a diagnosis or occurrence of a serious health condition.
- **Medical Paid Leave:** Up to two (2) weeks of paid leave following an employee's diagnosis or occurrence of a serious health condition.
- **Parental Paid Leave:** Up to eight (8) weeks of paid leave after the birth of child or the placement of a child for adoption or foster care with the employee.

Under the DC Universal Paid Leave Act, an employee can only receive up to eight (8) weeks of paid leave benefits during a 52-workweek period and a one-week waiting period is required before an employee is eligible for benefits. The DOES will determine the weekly benefit amount owed to the employee. Most low wage earners will be entitled to a weekly benefit equal to 90% of their average weekly wages. Higher wages earners will receive a smaller percentage of their average weekly wages, not to exceed a maximum weekly benefit of \$1,000.

Employers are also required to provide all employees with notice of the DC Universal Paid Act upon hire, annually thereafter to all employees, and when the employer becomes aware of an employee's needs for paid leave benefits. Additionally, employers should now display the **notice**, created by the DOES, in a conspicuous location that describes the DC Universal Paid Act. During the next year, employers are encouraged to review their current employment policies and benefits to ensure proper integration with this new law. In addition, if an employer has locations both inside and outside of D.C. (or allows teleworking in D.C.), the employer should consider developing and enforcing written policies which delineate how much time employees can spend at the D.C. location (or teleworking in D.C.). The employment attorneys at Paley Rothman are available to assist your business comply with the DC Universal Paid Leave Act.