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Compliance at Greenshades

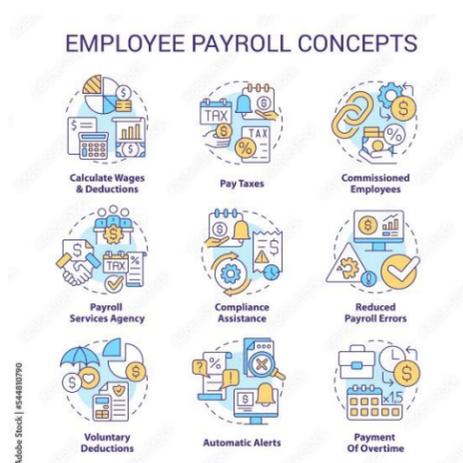
Each issue, we will discuss topics that the Greenshades Compliance team tracks and maintains. Here are several more that you may not be aware that Greenshades supports.

You can now find pressing compliance updates on **Compliance Corner** on



Also, we will still provide the quarterly Compliance Corner newsletter and post to LinkedIn [Compliance Corner group chat](#).

Do you use Greenshades for your local tax reporting? Are you getting the quarterly local income tax changes email? If not, contact Greenshades support.



- W-2s for TY2026 now have 2 fields for IRS Qualifying Tipped Positions in box 14b
- 1099-NEC for TY2026 has added Boxes 1b, 1c, and 1d to report tipped position code, qualifying tips, and qualifying overtime.
- 1099-MISC for TY2026 has added Boxes 13a, 13b, and 14 to report tipped position code, qualifying tips, and qualifying overtime.
- 1099-K for TY2026 has added Box 1c and 1d to report tipped position code and qualifying tips.
- 1090-R for TY2026 will include new check box 7b for IRA, SEP, SIMPLE plans; check box 7c for Trump Account reporting, and new box 7d for reporting earnings on excess contributions.
- 1099-S for TY2026 will report digital assets used in the sale or exchange of real estate.
- Michigan UI went live February 23, 2026. Employer account numbers will be changing. The MiUI EAN is the first 7 digits of the 10-digit MiWAM EAN. The reporting unit details will be stored elsewhere.
- We are starting to see where states are charging employers for lack of response when the state is requesting validation of the information when an employee is terminated and is requesting unemployment benefits.
- Minnesota Paid Leave participation includes almost all employers in the state, including religious organizations, non-profits, agricultural, municipalities, and local government employers.
- PA Withholding will start to require a separate withholding account number for reporting withholding information other than payroll. 1099 forms vs W-2 forms.
- On January 16, the U.S. Department of Education (ED) announced it will delay involuntary collections (wage garnishments) on federal student loans while it is implementing major student loan repayment reforms under the Working Families Tax Cuts Act.

IRS Record Retention:

Did you know that if you failed to file (successfully) an IRS report, the IRS can follow up on the discrepancy and that there is no limit on the number of years back in time they can go?

You can reference the IRS web page on [Topic 305, Recordkeeping](#) to find out details that may be applicable to you or your business/employer. Another site is [Recordkeeping](#) for businesses.

Keep in mind that your state may require a longer time frame for record retention.

If you create an IRS online account for your business, you should be able to validate the successful filings for your business, including your employment returns 940 and 941. To access the business online account it will need to be someone with an ID.me or Login.gov login. You can do this by going to [Your account | Internal Revenue Service](#) or <https://www.irs.gov/your-account>.

Another option is to archive your records filed through Greenshades. If this is something you would be interested in contact your sales representative. See [Greenshades article](#)

DOL Creates Resources to Help Employers Comply with Labor Laws

The U.S. Department of Labor (DOL) launched several resources to help employers comply with federal labor laws:

- an updated Compliance Assistance webpage,
- videos on the Family and Medical Leave Act (FMLA),
- revamped compliance assistance toolkits for several industries [DOL, 26-106-NAT, 1-26-26].

What's new Webpage. The Compliance Assistance webpage has been reorganized, and more information has been added. For example, the quick links for Employer Tools and Resources allow employers fast access to online services, compliance information, and multilingual materials for the DOL's Wage and Hour Division (WHD).

Topics include:

- Upload records or claims to the WHD
- What to expect during a WHD visit
- Ordering printed wage and

hour materials and

- State laws and resources.

Compliance toolkits. The DOL said it revamped toolkits for several industries. The agency offers 14 toolkits to help employers comply. FMLA. The DOL also created seven videos to help employers comply with the FMLA. The videos were released right before the FMLA's 33rd anniversary, which is February 5.

The short videos cover these topics:

- Covered employer,
- Employee eligibility,
- Qualifying reasons,
- Certification process,
- Military related leave,
- During an employee's leave, and
- FMLA prohibitions.

Reminder on other tools The DOL has other tools and resources for employers to remain in compliance. Two other programs with recent changes are opinion letters and the Payroll Audit Independent Determination (PAID) program.

OCSE Updates

NMSN Parts A and B The Office of Child Support

Enforcement (OCSE) posted the updated National Medical Support Notice (NMSN) Parts A and B, which have an expiration date of December 31, 2028. OCSE had requested approval of the NMSN twice in 2025. The Office of Management and Budget also extended the date of the previous version of Parts A and B until December 31, 2026, to allow states time to program for changes. States have 1 year to implement the revised NMSN (by January 1, 2027).

NMSN Part A. NMSN Part A expedites requests for medical coverage among state child support agencies, employers, and health care administrators. States populate Part A and send it to the parent's employer to complete. After completion, the employer's health care administrator enrolls the children in the health care plan. OCSE said minor deletions and changes have been made to the NMSN Part A, the instructions, and the sample language for clarification.

NMSN Part B form, National Medical Support Notice – Part B, Medical Support Notice to Plan Administrator, can be found [here](#).

e-NMSN. Alaska now uses e-NMSN. As of January 15, Alaska joins Delaware, the District of Columbia, Louisiana, Nebraska, North Carolina, Virginia, and Wyoming in implementing the use of the electronic National Medical Support Notice (e-NMSN) for child support [OCSE, States Using e-NMSN, 1-15-26].

Employers, third-party processors, unions, and plan administrators can reap the benefits of using the e-NMSN process on OCSE's centralized hub.

- Receive and respond to registered child support agencies
- Increase accuracy and reliability of data
- Save time and money

States and Cities with EEO Report Requirements

- New York City**
 Large businesses in New York City would have to report pay data by employee race and gender to enable a citywide pay equity study, under legislation heading to Mayor Eric Adams (D) for signature.
 - California**
 Covered Employees – Private employers with 100 or more employees
 Required Data – race, ethnicity, and gender across various job categories.
 Due Date – Annually by the second Wednesday in May.
 - District of Columbia**
 All employers must provide the District of Columbia Office of Human Rights with all reports that are required by the Equal Employment Opportunity Commission, including EEO-1 Component 2 wage information and total hours worked for all employees by race, ethnicity, and sex in 10 job categories divided by 12 pay bands.
 - Illinois**
 Covered Employees – Private employers with 100 or more employees
 Required Data – Employee demographic and compensation data, along with Equal Pay Compliance Statement, signed by a corporate officer.
 Due Date – Employers are notified by the IDOL of their required submission date.
 - Massachusetts**
 Covered Employers: [Reporting is now mandatory](#) for employers in MA who had 100 or more employees at any time in the prior calendar year and are already subject to federal EEO disclosures (either EEO-1, EEO-3, EEO-4 or EEO-5 reporting requirements).
 Required Data: Employers must report workforce demographic by race, ethnicity, sex, and job category.
 Deadlines: First report was due on February 1, 2025, and annually thereafter every February 1.
 - Minnesota**
 Covered Employers: Applies to businesses with 40+ full-time employees who are bidding on state and municipal, contracts worth \$500,000 or more. Political subdivisions: (e.g. municipalities, counties, or school districts) using state money for capital projects must comply if contracts exceed \$1,000,000.
 Required Data: Equal Pay Certificate application, which contains a statement of compliance and details on how compensation is reviewed by the contractor to ensure compliance.
 Deadlines: Certificate must be valid prior to contract award and renewed every four years.
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SSA Newsletter

In mid-January, the Social Security Administration (SSA) announced the relaunch of its W-2 News electronic newsletter. To sign up for the newsletter and receive updates for wage reporting issues, go to SSA's employer website and scroll down to "Subscribe here to receive the next issue of W-2 News" and follow the instructions. Users already registered with Business Services Online (BSO) or subscribed to Social Security eNews may receive the newsletters without further signing up.

Minnesota Unemployment New Portal

On February 23rd, the new portal went live. All employers will need to register using a 8-digit MIUI Activation Code. You will need to log into the old MiWAM site to retrieve this code. Assistance can be found [here](#).

The MiUI account number will only be 7 characters long. You will remove the last 3 of the old number.

What is Minnesota Paid Family & Medical (PFL)?

Minnesota Paid Leave is a state-run insurance program that provides partial wage replacement and job protection to eligible employees who take leave for qualifying medical or family reasons, including bonding with a new child. Benefits begin January 1, 2026.

Who must participate?

Nearly all employers with employees working in Minnesota must participate, including:

- Private employers
- Nonprofits
- Public employers

Coverage is broad and not limited to employers that participate in Minnesota Unemployment Insurance (UI).

NOTE: Employers participating only in the Paid Leave program will be assigned a Paid Leave-only account number. Employers with a hybrid workforce must submit two reports: one under the joint Unemployment Insurance/Paid Leave account number and another under the Paid Leave-only account number. These employers will also need separate login credentials for each account.

Department of Labor Proposed Change to Worker Classification

The Department of Labor (DOL) has issued proposed changes to the rule governing worker classification as independent contractors versus employees. These changes would also apply under the Family and Medical Leave Act (FMLA). The proposal would rescind the 2024 rule and replace it with a framework similar to the 2021 rule.

Below are some excerpts from the proposed Rule, but you can view the entire proposal in the [Federal Register](#).

Under the proposal, the 2024 “Reality Test” would be replaced with an “Economic Reality” test. This test emphasizes two primary factors, supported by additional considerations, to determine proper classification.

The Nature and Degree of Control over the Work

The Department is proposing to readopt the regulatory text of § 795(d)(1)(i) from the 2021 Rule, which discussed the first economic reality core factor—the nature and degree of control over work.

- Who exercises substantial control over the key aspects of the performance of the work such as scheduling, selection of projects, and the ability to work for others – the independent contractor or the potential employer?
- Is the control directly or indirectly, in the performance of work, being exercised in areas, such as, workload or schedule?
- Would the work be completed exclusively for only one potential employer?
- If there are restrictions, are they related to compliance of federal or state regulations?

The Individual’s Opportunity for Profit or Loss

The Department is proposing to readopt the regulatory text of § 795.105(d)(1)(ii) from the 2021 Rule, which discussed the second economic reality core factor—the individual's opportunity for profit or loss.

- This factor would weigh toward the individual being an independent contractor “to the extent the individual has an opportunity to earn profits or incur losses based on his or her exercise of initiative (such as managerial skill or business acumen or judgment) or management of his or her investment in or capital expenditure on, for example, helpers or equipment or material to further his or her work.” [86 FR 1247](#) (§ 795.105(d)(1)(ii)).
- The 2021 Rule elaborated on the “capital” nature of the investment, explaining that, “consistent with the economic dependence inquiry, an investment must indicate an independent business by the worker, as opposed to merely being required by the potential employer, for it to indicate an opportunity for profit or loss.” [86 FR 1187](#)
- Is the individual an employee “to the extent the individual is unable to affect his or her earnings or is only able to do so by working more hours or faster.” [86 FR 1247](#) (§ 795.105(d)(1)(ii))?

The Department is also proposing that the three additional economic dependence, or economic reality, factors described in § 795.105(d)(2)—skill, permanence, and whether the work is part of an integrated unit of production—serve as additional guideposts but are less probative in the analysis (and, in some cases, may not be probative at all). As a result, these “economic reality” factors are very unlikely, either individually or collectively, to outweigh the combined probative value of the two core or primary factors when together they point toward the same classification.

The Amount of Skill Required for the Work

This factor would indicate employee status “to the extent the work at issue requires no specialized training or skill and/or the individual is dependent upon the potential employer to equip him or her with any skills or training necessary to perform the job.” *Id.* This factor would thus focus on training and skill because an individual “who is in business for him- or herself typically brings his or her own skills to the job rather than relying on the client to provide training.” [86 FR 1191](#).

The Degree of Permanence of the Working Relationship Between the Individual and the Potential Employer

This factor would weigh in favor of the individual being an independent contractor to the extent the work relationship is “by design definite in duration or sporadic, which may include regularly occurring fixed periods of work, although the seasonal nature of work by itself would not necessarily indicate independent contractor classification.” [86 FR 1247](#) (§ 795.105(d)(2)(ii)). It would weigh in favor of the individual being an employee “to the extent the work relationship is instead by design indefinite in duration or continuous.” *Id.*

Whether the Work is Part of an Integrated Unit of Productions

This factor would weigh in favor of the individual being an independent contractor “to the extent his or her work is segregable from the potential employer's production process” and would weigh in favor of the individual being an employee “to the extent his or her work is a component of the potential employer's integrated production process for a good or service.” [86 FR 1247](#) (§ 795.105(d)(2)(iii)).

In other words, if the opportunity for profit or loss factor and the control factor indicate independent contractor status, then the other three factors would be considered; however, because the two core factors would both point toward the same classification there is a substantial likelihood that is the accurate classification for the individual and it would be highly unlikely that the other factors would outweigh the combined probative value of these two core factors. And if the control and opportunity for profit or loss factors point toward different classifications or are neutral, the other factors would be considered to arrive at an overall determination as to the worker's status.