

● COMPLIANCE CORNER LIVE

Mid-Year **Compliance** Rundown

Key Updates from the Greenshades Compliance Corner

July 29, 2026

1 PM ET • 10 AM PT



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TODAY'S AGENDA

What we'll cover

- 01 State withholding & tax rate changes
- 02 UI and wage law updates
- 03 Paid leave developments
- 04 Employer portals, IRS notices & other updates
- 05 Year-end & beyond

SECTION 01

State withholding & tax rate changes

01

Georgia

Georgia HB 463: Effective January 1, 2026 (retroactive) · signed May 11, 2026

INCOME TAX RATE

~~5.19%~~ → **4.99%**

DEPENDENT DEDUCTION

~~\$4,000~~ → **\$5,000**

STANDARD DEDUCTION INCREASED

Married Filing Jointly **\$30,000**

Single / HOH / MFS **\$15,000**



ACTION REQUIRED

Verify 2026 withholding rates and deduction updates.

Last updated 7/29/2026

South Carolina

South Carolina H. 4216: Effective January 1, 2026 (retroactive) · signed March 30, 2026

INCOME TAX RATE

Taxable income under \$30,000	→	1.99%
\$30,000 and above	→	5.21% minus \$966

EARNED INCOME TAX CREDIT

Capped at **\$200**

SOUTH CAROLINA INCOME ADJUSTED DEDUCTION (SCIAD)

MFJ / Surviving Spouse	\$30,000
Head of Household	\$22,500
Single / MFS	\$15,000



Watch for additional SCDOR guidance.

Last updated 7/29/2026

Maine

Maine L.D. 2212: Effective January 1, 2026 (retroactive) · signed April 9, 2026

MILLIONAIRE’S TAX

2% Surtax applies to ME taxable income that exceeds:

Single → **\$1 million**

MFJ / HOH → **\$1.5 million**



Review payroll impact for employees above the surtax thresholds.

Last updated 7/29/2026

Other withholding updates



Missouri

Employee withholding amounts must now be **rounded to the nearest whole dollar.**



Utah

Withholding rate reduced **4.5% → 4.45%** , effective June 1, 2026.

SECTION 02

Unemployment insurance & wage law updates

02

Key updates



Employer 401(k) contributions no longer treated as wages for UI purposes — effective July 1, 2026.

Supreme Court (Mar 19, 2026)state minimum wage law excludes Portal-to-Portal exceptions — preliminary/postliminary on-premises work must be paid.



Employers must now report any **employment separation within seven days.**



Overtime exemption reinstated, aligned with OBBBA — limited to the qualified overtime premium.



2019 salary levels reinstatedfor determining exempt vs. non-exempt status — revisit any classification changes made for the 2024 thresholds.



Review payroll policies, classifications, and timekeeping practices.

Last updated 7/29/2026

SECTION 03

Paid leave developments

03

What changed across states

NJ

Family Leave Act—effective July 17, 2026: employer threshold drops 30 → 15 employees; eligibility now 3 months + 250 hours (down from 12 months + 1,000 hours).

WA

PFML: billing statements now mailing for outstanding premiums; interest accrues at **1%/month beginning August 1, 2026**.

NYC

Expanded sick & safe leave 32 hours unpaid leave available on day one of employment (effective Feb 22, 2026).

DE

PFML eligibility now based on 60% of wages earned in-state, not hours (effective Dec 15, 2025).

VA

New PFML program approved: employer and employee contributions required, effective January 1, 2028.

● ACTION REQUIRED

Update leave policies and eligibility rules for affected states.

Last updated 7/29/2026

Minnesota: ESST Rules Take Effect

DLI finalized rules clarifying earned sick and safe time — effective July 6, 2026

KEY TOPICS THE RULES ADDRESS

- Accrual year and hours worked
- Time credited and increments of accrual
- Accrual and advancing methods
- Employee use and incentives
- Reasonable documentation
- Misuse of ESST
- More generous policies

ACTION REQUIRED

Review ESST policies against the final rules.

Last updated 7/29/2026

SECTION 04

Employer portals, IRS notices & other updates

04

New portals in three states



Washington State

New **One-Stop portal** for withholding account access.



Kentucky

New Unemployment Insurance portal — **KUIP**— now live.



Wisconsin

MyWisconsin OneStop now used to access the UI employer portal.



Log in and verify employer contact information.

Last updated 7/29/2026

New York Secure Choice Savings Program

Mandatory for employers with **10+ employees** and no qualified retirement plan.

REGISTRATION DEADLINES

30+ employees	March 18, 2026
15–29 employees	May 15, 2026
10–14 employees	July 15, 2026

 ACTION REQUIRED

Register immediately if your business is subject to the program.

Last updated 7/29/2026

Five notices to know

Rev. Proc. 2026-22

Updated indexed dollar amounts for **ACA employer shared responsibility payments** under §4980H.

Notice 2026-33

Guidance on **qualified long-term care distributions** — disclosure, reporting, safe harbors, and amendment deadlines.

Notice 2026-34

2026 cumulative list for **defined benefit pre-approved plans**; Cycle 4 submission window opens August 1, 2026.

Fact Sheet 2026-10

Educational assistance: §127 exclusion stays \$5,250 for 2025–2026; not reported in W-2 Box 1.

IR-2026-46

IRS Business Tax Accounts expanded to partnerships, tax-exempt orgs, and government entities.



FYI

Review notices that impact your benefits or tax programs.

Last updated 7/29/2026

IRS Automatic Exemption from Penalty

Replaces **First Time Abate**— no request required

WHAT IT IS

Automatic relief for failure to file, pay, or deposit — applied during processing, no action needed from the taxpayer

WHO QUALIFIES

Taxpayers with **3+ years of timely filing and payment history** (or 12 consecutive clean quarters)

TIMELINE

Begins **summer 2026** for tax year 2025 and 2026 quarterly returns



FYI

No employer action required - but valuable in understanding penalty structure.

Last updated 7/29/2026

Visa employees & tax withholding

Visa classification affects several parts of payroll — but it's only one factor.

WITHHOLDING FORM

W-4 vs. **Form 8233**, depending on status and treaty.

FICA

Applicability depends on **visa category + residency**, not visa alone.

YEAREND FORM

W-2 vs. **1042-S**, by tax residency.

Tax residency—not visa type alone—drives treatment. Also review work authorization, income type, and treaty eligibility.



Review each case individually before determining tax treatment.

Last updated 7/29/2026

SECTION 05

Year-end & beyond

05

W-2 qualified tips: reading Box 14b

How **Box 12 (code TP)** **Box 14b** together determine qualified vs. nonqualified tips.

CODE "000" + VALID TIPPED CODE

Box 12 TP amount includes **both qualified and nonqualified tips**. The employee determines the split based on their occupation(s).

- Only tips from occupations on the Treasury list (customarily tipped on or before Dec 31, 2024) may be treated as qualified.

CODE "000" ALONE

All tips are nonqualified.

Getting the coding right has real implications — qualified tips may be eligible for the OBBBA federal income tax exclusion.

● ACTION REQUIRED

Prepare now for accurate year-end W-2 reporting.

Last updated 7/29/2026

Georgia: qualified overtime & cash tips

HB 463 also creates new income tax treatment for **qualified overtime compensation** and **qualified cash tips**.

TAX YEAR

2026

Continue as-is

No change to existing withholding, deposit, and **Form G-7** filing requirements throughout the year.

- Form G-7 will be updated in **2027** to collect this data going forward.

YEAREND REPORTING

Report on income statements

Include on 2026 W-2s / 1099s with **Form G-1003**. For W-2s, use applicable federal Box 12 codes per IRS instructions.



MONITOR

No payroll changes now; prepare for year-end reporting.

Last updated 7/29/2026

And beyond

2026 **Kentucky school districts:** frozen from new/increased occupational payroll taxes.

2027 **Colorado:** agriculture employee overtime threshold rises 48 → 56 hours (Jan 1).

2029 **Kentucky:** local jurisdictions must build e-filing for occupational payroll taxes (Jul 1).

Washington: millionaire's tax established, effective 2029.



FYI

Keep these upcoming changes on your compliance roadmap.

Last updated 7/29/2026

PAYROLL COMPLIANCE TRENDS

The Workforce Mobility Shift

Payroll complexity isn't getting wider. It's getting denser.

[go.greenshades.com/workforce-mobility -shift](https://go.greenshades.com/workforce-mobility-shift)



153M+

real paychecks analyzed

2018 — 2025

GREENSHADES COMPLIANCE CORNER

Questions?

