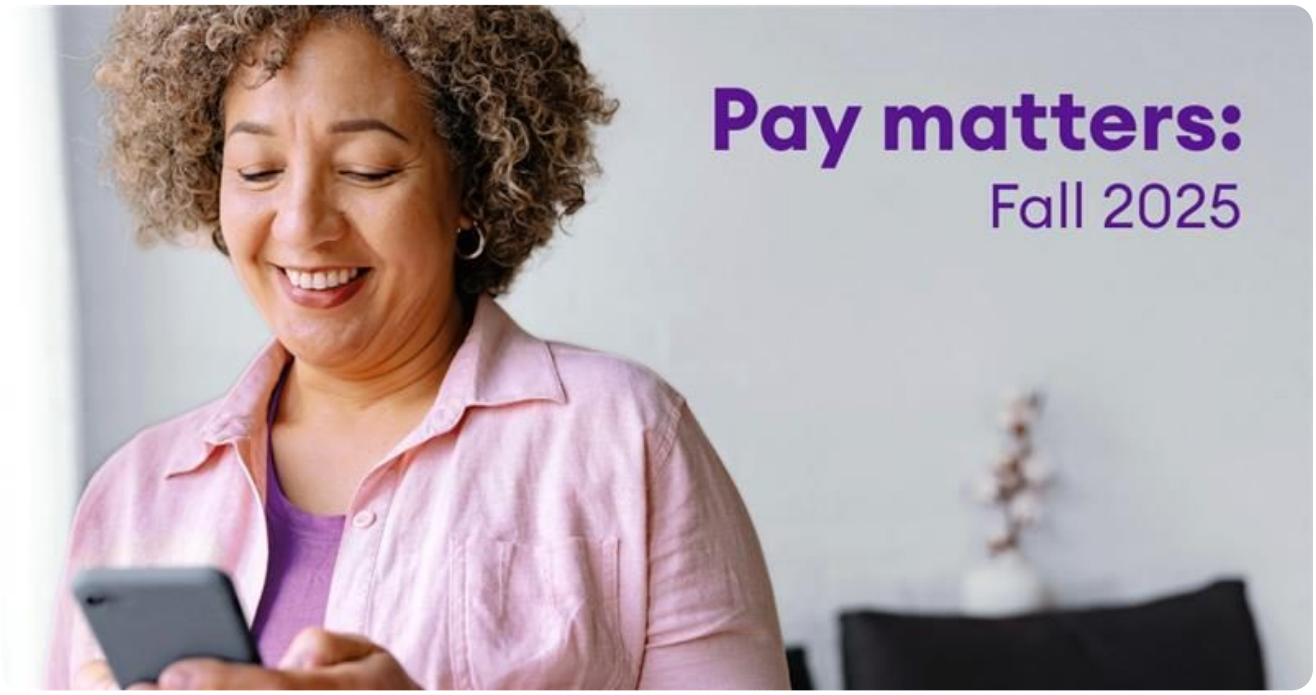
Pay Matters: Fall 2025

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One Big Beautiful Bill Act becomes law

On July 4, 2025, President Trump signed the One Big Beautiful Bill (OB3) into law, introducing a multitude of payroll changes. This section will highlight changes to existing laws. The second section contains a summary of new payroll provisions, and the third focuses on Treasury/IRS's first steps in implementing these new laws. For a detailed treatment of OB3, check out our recent webinars All about OBBA: How healthcare HCM is changing now and OB3 and immigration update: getting down to work on demand.

1099 threshold

Starting in 2026, the threshold for issuing Forms 1099-MISC and 1099-NEC (non-employee compensation) is raised from $600 to $2,000, to be indexed annually for inflation. Note that for 2025 forms filed in early 2026, the threshold remains at $600.

Dependent care benefits limits

DCAP (Dependent Care Assistance Programs) limits for employer-provided dependent care increase as of January 1, 2026, from $5,000 to $7,500 (for married filing jointly) and from $2,500 to $3,750 (for married filing separately). Note that the law did not index these limits for inflation.

Employee student loan repayments

The new law makes pre-tax employer repayment of student loans up to $5,250 a permanent option. Starting in 2026, the limit will be indexed for inflation. This can help healthcare employers attract younger workers, provide increased employee security, and help employers help their workers keep up with rising education costs.

One Big Beautiful Bill Act creates new payroll concepts

OB3 introduced the following major new payroll provisions:

No Tax on Overtime

- For 2025 through 2028, employees can claim an “above-the-line” deduction on their personal tax returns for the “half time” portion of FLSA-mandated “time-and-a-half” pay for hours over 40 in a workweek. The deduction is limited to $12,500 for single filers and $25,000 for joint filers and is not available on a married filing separately tax return.
- For 2025, employers are to continue regular federal tax withholding and will be permitted to choose a method to estimate qualified overtime from options to be published by the IRS.
- There are no changes to the 2025 Form W-2, and guidance is still anticipated from the IRS regarding how employers will report qualified overtime to their employees for 2025.

Regarding withholding and reporting for 2026-2028, see our next section.

No Tax on Tips

This provision is similar to overtime, above. It will also be a deduction on employees’ personal tax returns, although limits will differ.

Trump Accounts

OB3 creates a new savings vehicle, called Trump Accounts. Starting July 1, 2026, parents can open Trump Accounts for their minor children who have Social Security numbers and contribute up to $5,000 (adjusted annually for inflation) in post-tax dollars per year. Employers can also make optional

contributions – pursuant to a written plan – of up to $2,500 per Trump Account per year, and these contributions are not taxable to the employee. The U.S. Treasury will also make a $1,000 one-time contribution (grant) to each U.S. citizen child born between January 1, 2025, and December 31, 2028. Trump Account funds must be invested in stock funds of primarily US companies. Growth of the funds is taxed at distribution, which can be made starting from January 1 of the year the child turns 18.

IRS takes first steps in implementing One Big Beautiful Bill Act

Although much guidance is still pending, the IRS has issued draft Forms W-2 and W-4 for 2026 to reflect OB3's "No Tax on Overtime and Tips" and Trump Account provisions.

The W-2 includes three new Box 12 codes, as follows:

- TA for employer contributions to Trump Account;
- TP for cash tips; and
- TT for qualified overtime (only the "half-time", see above).

In addition, Box 14 will be split into 14a and 14b. 14a contains any state-mandated information or optional information that employers choose to communicate. Box 14b contains a Treasury Tipped Occupation Code, which must be included if TP is reported in Box 12. The Treasury has issued a proposed rule with a list of codes.

Form W-4 contains numerous changes in the Deduction Worksheet to allow employees who project having qualified overtime and/or tips during 2026 to benefit from lower federal tax withholding.

For a more detailed discussion of these draft forms, watch our on-demand webinar OB3 and immigration update: getting down to work.

CMS updates PBJ manual

In June, CMS revised its Payroll-Based Journal Policy Manual to reflect the following updates:

1. Maximum Daily Hours: Employers must not report more than 22.5 hours in a day for a single employee.
2. Tracking of Remote Hours: Off-site nursing hours must not be reported for PBJ, even for nursing positions with administrative duties. This will be flagged on audit, so it's important to build system/workforce controls to track remote hours separately. If you are a Viventium client and are not yet excluding remote hours from PBJ, reach out to your Client Support Team to set this up.
3. QIES registration: The manual now includes links to register through QIES.

New hefty H-1B Visa fees and Project Firewall

As of September 21, the Trump administration rolled out a **$100,000 annual fee** for H-1B visa applications (for skilled workers), often filed by healthcare employers. In addition, the U.S. Department of Labor (DOL) has launched an initiative to ensure U.S. workers are prioritized.

The $100K H-1B Visa Fee

The fee applies to **new H-1B applications** (not renewals). If you're considering sponsoring a foreign healthcare professional for the first time, you'll need to budget for this additional cost.

For context, healthcare ranks among the top five industries using the H-1B program, with around **17,000 visas approved last year**. Many of those were in long-term care and senior living, where the workforce shortage is already keeping leaders up at night.

DOL's "Project Firewall"

At the same time, the DOL has announced **Project Firewall**, a new enforcement push to make sure employers aren't misusing the H-1B system.

- The Labor Secretary will personally sign off on investigations into suspected abuse.
- Employers found violating the rules could face penalties, be required to pay back wages, or even be banned from using the H-1B program for a period of time.
- The focus is on making sure qualified Americans get first consideration for jobs.

What's the impact on healthcare?

For many hospitals, senior living communities, and long-term care providers, the new $100,000 fee may not have an immediate effect if they're not filing new petitions for skilled workers. But for those who rely on international talent to fill critical roles – especially in nursing and specialized care – the financial and administrative hurdles just got steeper.

With America's population aging faster than the domestic caregiving workforce can keep up, this is a story healthcare employers will want to watch closely.

Viventium will keep you posted as the situation evolves.

CMS minimum staffing rule repeal update

OB3 delayed CMS's minimum staffing rule for long-term care facilities by 10 years. Subsequently, CMS itself announced its intention to repeal the minimum staffing standards in an interim final rule. Although the rule is still in OBM review, the Department of Health and Human Services has asked two federal courts to dismiss its appeals of decisions against the rule. These requests seem to signal the demise of federal minimum staffing mandates, at least for now.

Florida minimum wage and poster changes

Effective September 30, 2025, Florida's minimum wage increased from $13.00 to $14.00 per hour for non-tipped employees and from $9.98 per hour to $10.98 per hour for tipped employees, based on a $3.02 maximum tip credit. Employers are required to display a current Florida minimum wage poster in a conspicuous location at every worksite.

Take the hassle out of compliance. Receive laminated, updated posters delivered right to your door, backed by a $25,000 guarantee against fines. For remote and New York employees, ensure year-round compliance with ongoing digital poster updates. Get started today!

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