What's new in payroll compliance for spring 2026 (and how to stay ahead)

Stay informed on key 2026 payroll and compliance updates, including new W-2 requirements, retirement plan mandates, and evolving labor laws affecting employers.

Published April 13, 2026



Spring tends to bring a sense of renewal. For payroll and HR teams, that often comes with a fresh set of regulatory updates to navigate. This year is no exception. From finalized W-2 changes to evolving labor laws and state-specific requirements, spring 2026 introduces a range of updates that will shape how organizations manage payroll, compliance, and the employee experience moving forward.

While the list may look long, each update represents an opportunity to strengthen your processes, reduce risk, and build a more resilient workforce infrastructure. With the right preparation, these changes don't have to feel overwhelming. They can become a strategic advantage.

Let's walk through what matters most this season and how you can stay one step ahead.

2026 W-2 finalized: what's changing and why it matters

The IRS has officially finalized the 2026 Form W-2, and with it comes a set of updates tied to new federal legislation under the One Big Beautiful Bill Act (OB3). These changes are primarily designed to improve transparency around specific types of compensation, but they also introduce new layers of complexity for payroll teams.

Among the most notable updates are the additions to Box 12. New codes now require employers to track and report more detailed compensation categories, which can carry tax benefits for employees, including:

- Employer contributions to Trump Accounts in Box 12 Code TA
- Total cash tips reported to the employer in Box 12 Code TP
- Total qualified overtime compensation in Box 12 Code TT

This more granular reporting demands greater precision behind the scenes.

Box 14 is also evolving. What was once a single box is now split into two distinct sections, 14a and 14b, separating standard optional reporting from Treasury tipped occupation codes (TTOCs). This change requires employers to clearly indicate the occupation in which employees earned cash tips. Perhaps most importantly, 2026 marks the end of transition relief for these reporting categories. Whereas in 2025, OB3 W-2 reporting was optional for employers, this is the year where systems need to be fully aligned. If your payroll platform isn't already configured to track these data points accurately, now is the time to make those updates.

The takeaway here is confidence. When your systems are built to capture the right data from the start, reporting becomes smoother, audits become less stressful, and your team can spend less time double-checking and more time moving forward.

CMS staffing data submission updates: implementing PBJ version 4.10.0

For facilities submitting Payroll-Based Journal (PBJ) data, this spring update introduces a critical technical shift. As of April 1, 2026, all XML file submissions must comply with version 4.10.0 specifications. Older formats will no longer be accepted, making this a firm deadline rather than a gradual transition.

At first glance, a version update might seem purely technical, but the implications run deeper. The new specifications introduce stricter validation rules, including:

- Failing files containing more than 22.5 hours per employee per day
- Rejection of outdated XML submission formats
- Potential reductions in 5-star ratings due to incomplete staffing reports

- Increased emphasis on data accuracy and consistency

Timing is equally important. Data for January through March must be submitted by the May 15 deadline using the new format. That creates a narrow window to ensure systems are updated, data is validated, and submissions are ready to go.

In addition, facilities that submit their PBJ files weekly need to be mindful of the April 1 cutoff for uploading older formats.

This is a great moment to revisit your workflows. Are your timekeeping and payroll systems fully aligned? Are there manual processes that could introduce errors? Tightening these areas now can help ensure a smooth transition and reduce the risk of rejected submissions and lowered 5-star ratings.

New York Secure Choice: complying with mandatory retirement savings plans

In New York, the Secure Choice Savings Program is moving into a critical phase, bringing new responsibilities with a state-sponsored, automatic-enrollment Roth IRA program for private-sector employers who do not currently offer a qualified retirement plan.

Employer mandate: Impacted employers must register and facilitate employee participation. While enrollment is automatic, employees may opt out at any time.

2026 registration deadlines:

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

Key detail: Employers are **not** required to provide matching contributions.

The program applies to businesses with at least 10 employees that have been operating for two or more years and do not already offer a qualified retirement plan. For those employers, enrollment is required. Even employers who already sponsor plans must take action to apply for exemption.

What's changing this spring is the rollout of registration deadlines, which are staggered based on employer size. Larger organizations must act first, followed by mid-sized and smaller employers over the coming months. This phased approach provides some flexibility, but it also means timelines can approach quickly if they're not already on your radar.

Once enrolled, employees are automatically opted into the program at a default contribution rate of 3%, though they can always adjust or opt out. From an operational standpoint, that means payroll systems must be ready to handle automatic deductions and ongoing adjustments seamlessly.

NYC unpaid sick leave updates: expanding protected time off

New York City is also making significant updates to its Earned Safe and Sick Time Act, now often referred to as the Protected Time Off law. These changes expand both the amount of leave available and the ways it can be used.

Effective February 22, 2026, employers are now required to provide an additional 32 hours of unpaid leave each year, and importantly, that time must be available immediately (either on the employee's first day or at the start of the calendar year for current employees). This "frontloading" approach shifts the way organizations think about leave accrual and availability.

Protected time can now be used in a wider range of situations, including:

- Childcare needs
- Legal proceedings related to housing or subsistence benefits
- Public disasters
- Workplace violence or safety concerns

Enforcement is also evolving. The City plans to take a more data-driven approach, actively identifying organizations with unusually low sick leave usage rates and prioritizing them for review. This makes accurate tracking and clear policy communication more important than ever.

California's "Know Your Rights" notice: building awareness and accountability

On the West Coast, California continues to lead with employee-focused legislation. Under the Workplace Know Your Rights Act, effective February 1, 2026, employers are now required to provide a stand-alone annual notice outlining key workplace protections.

This goes beyond simply posting information in a breakroom. Employers must distribute a written notice directly to employees, ensuring they are aware of their rights related to workers' compensation, retaliation protections, immigration-related issues, and the right to organize.

While the initial deadline has passed, the requirement is ongoing. Every new hire must receive this notice as part of their onboarding process, making it a permanent addition to compliance workflows. Current employees must also receive the notice every year.

California emergency contact requirements: a new layer of employer responsibility

Also under recent legislation, California employers must now implement new processes for collecting and maintaining employee emergency contact information.

By March 30, 2026, all current employees must have been given the opportunity to designate an emergency contact. Additionally, they must be able to specify whether that contact should be notified if they are detained during work hours.

From a practical standpoint, this means updating onboarding materials, creating secure recordkeeping processes, and ensuring that information can be accessed appropriately when needed.

Upcoming local minimum wage updates: staying aligned across jurisdictions

Finally, several jurisdictions are implementing mid-year minimum wage increases. These updates may also include industry-specific rates, especially for sectors like healthcare and food service.

For multi-location employers, this creates an added layer of complexity. Wage rates may vary not just by state, but by city or industry. Here's an overview of some of these wage changes and when they go into effect:

	Minimum Wage	Effective Date
California		
Los Angeles County	$18.47	7/1/26
Malibu	$17.91	7/1/26
San Francisco	$19.61	7/1/26
New Mexico		
Santa Fe County	$15.40	3/1/26
City of Santa Fe	$15.40	3/1/26
Washington DC		
Washington DC	$18.40	7/1/26

New York wage parity reporting requirements for 2025

Home care providers in New York are approaching key compliance deadlines for 2025 wage parity reporting, with submissions due in 2026. These requirements apply to Licensed Home Care Services Agencies (LHCSAs), Fiscal Intermediaries (FIs), Certified Home Health Agencies (CHHAs), and Medicaid Managed Care Organizations (MMCOs).

One of the primary filings is Form LS300, the Annual Compliance Statement of Wage Parity Hours and Expenses. For CHHAs, this form must be submitted to contracted managed care organizations

by April 30, 2026. LHCSAs and fiscal intermediaries have until May 31, 2026, to submit their forms to contracted plans and agencies.

In addition, all applicable organizations must complete an Annual Wage Parity Certification to the New York State Department of Health by May 31, 2026. This certification must be submitted through the eMedNY Provider Portal, which was scheduled to be ready to accept 2025 submissions by late March.

These reporting requirements are critical for demonstrating compliance with wage parity laws, which are designed to ensure home care workers receive mandated levels of compensation and benefits. Timely and accurate submissions will be essential to avoid penalties and maintain good standing with contracting entities.

Looking ahead, the New York State Department of Health has introduced a new standardized compliance timeline that will take effect beginning with the next reporting cycle. The updated schedule establishes recurring deadlines that providers must follow each year.

Under the new framework, Form LS300 will be due by June 1 for the prior calendar year. This will be followed by an October 1 deadline for Form LS301, along with audited financial statements or Agreed-Upon Procedures. The cycle concludes with the Annual Wage Parity Certification, which will now be due by December 1, via the eMedNY Provider Portal.

These deadlines apply broadly across the home care ecosystem, including LHCSAs, FIs, CHHAs, and MMCOs. By creating a consistent, predictable schedule, the Department of Health aims to streamline compliance and improve oversight.

Colorado updates wage compliance and recordkeeping requirements

Colorado has amended its wage compliance rules under COMPS Order #40, which took effect February 1, 2026. The changes reflect recent legislation while also providing additional clarity around employer obligations, particularly in areas like tipping, recordkeeping, and paid leave calculations.

The state continues to allow a tip credit of up to $3.02 per hour, though local jurisdictions with higher minimum wages may permit larger credits. Employers must ensure that an employee's combined base wage and tips meet or exceed the applicable minimum wage, making up any shortfall when necessary.

Beyond wages, the updated rules place greater emphasis on transparency and documentation. Employers are now required to maintain more detailed records of leave, including accrual, usage, and available balances for both vacation and sick time. Employees also have the right to request this information once per month, and employers can fulfill this requirement through pay stubs, digital systems, or written communication.

Additional clarification was provided for sick leave pay under the Healthy Families and Workplaces Act (HFWA). Sick leave must be compensated at the employee's usual rate of pay they normally earn, excluding bonuses, overtime, and holiday pay. For employees with multiple pay rates or shift differentials, the correct rate is based on what they would have earned during the scheduled shift.

These updates underscore Colorado's continued focus on wage transparency and employee protections, while raising the bar for employer recordkeeping practices.

Turning compliance into a strategic advantage

If there's a common thread across all these updates, it's that compliance is becoming more interconnected, more detailed, and more employee-focused.

Organizations that invest in the right systems, processes, and communication strategies are building stronger, more agile operations.

Spring 2026 is a chance to take a proactive approach. Update your systems, review your policies, and engage your teams. When compliance is woven into the fabric of how you operate, it becomes less about reacting to change and more about leading through it.

Stay ahead with our April compliance webinar

Want to take a deeper dive into these updates? Join our upcoming April Compliance Webinar, **How America retires: complying with state retirement programs.** This webinar explores the rapid expansion of state-mandated retirement programs and the specific compliance obligations they impose on all employers, whether they currently offer a plan or not. Led by CPA Yonina F. Shineweather, the session provides a practical guide to navigating auto-enrollment requirements, managing state-specific reporting deadlines, and utilizing Viventium's tools to capture necessary data.

Register to stay informed, ask questions, and ensure your organization is fully prepared for the months ahead.

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