Connecticut Paid Family Leave Act Guidance (December 16, 2020)

In the October Issue of the Parish Finance & Administration E-News, Kayla Tubolino, HR outlined the new Connecticut Paid Family Leave Act. As deadlines approach for registering with the CT Paid Leave Authority parishes are having questions.

What is the Connecticut Paid Family Leave Tax?

Employees who work in Connecticut will be subject to a .5% employee payroll tax beginning January 1, 2021. This tax will pool in a fund so that eligible employees can receive benefits beginning January 1, 2021.

What do parishes need to do?

All parishes with one or more employees need to register by December 31, 2020 with the CT Paid Leave Authority. Parishes can register their parish at https://ctpaidleave.org/s/prepare-for-registration?language=en_US. This link is suggested to work best using Google Chrome or Firefox internet browsers. All parishes have separate EIN and CT Tax Registration numbers that ECCT are not privy to. Parishes also have the most up to date payroll numbers to report to the CT Paid Leave Authority which is why parish representatives are the only ones who can register with the CT Paid Leave Authority.

All participants registering are given an option to register multiple people into the CT Paid Leave system. ECCT strongly recommend that the parish include as least two other individuals from the parish when registering.

Parishes will need the following information to register:

- Federal Employment Number or EIN
- CT Tax Registration Number
- Total Annual Payroll of All Parish Employees
**Who should parishes considered to be employees?**

Employees of the parish are individuals hired by the parish to do a specific job. These positions can be hourly or salaried and have a set wage. There is a relationship between the individual and the parish. These individuals will have work expectations and possible schedules that are determined by the supervisor or parish leadership. Employees working 20 hours a week are entitled to contributions to the Defined Contribution Pension plan. Employees working 30 hours or more are entitled to participate in ECCT’s Group Medical, Dental, and Life Plans.

Contractors or 1099’s are not considered employees of the parish. These individuals can self-register with the CT Paid Leave Authority as sole proprietors if they wish to participate in the program.

Clergy are considered employees of the parish and under this legislation would be deemed “covered employees”. Clergy can expect to be taxed the .5% tax on their salary and housing allowances.

**What happens beginning January 1, 2021?**

Parishes using a third-party payroll administrator:

The payroll provider should be calculating and withholding employee payroll deductions for the CT Paid Family Leave Tax. Parishes should confirm with their payroll providers that this will happen. The third-party provider should also be reporting on withheld quarterly returns.

Parishes not using a third-party payroll service:

Parishes will have to calculate and withhold the employee payroll tax similar to other tax withholding. They will also be responsible for making quarterly tax payments to the CT Paid Leave Authority.

**What are the important dates to remember?**
December 31, 2020 Parishes need to register with the Paid Leave Authority
January 1, 2020 CT employees are subject to the .5% tax
April 30, 2021 CT Paid Family Leave first quarter of 2021 payments and returns are due
August 2, 2021 CT Paid Family Leave second quarter of 2021 payments and returns are due
November 1, 2021 CT Paid Family Leave third quarter of 2021 payments and returns are due
Fall/ Winter 2021 Employees can begin to submit applications to the CT Paid Leave Authority for paid leave benefits to begin in 2022
January 1, 2022 Eligible employees can start receiving CT Paid Family Leave Benefits
January 31, 2022 CT Paid Family Leave fourth quarter of 2021 payments and returns are due

What is ECCT doing to assist parishes?
ECCT has partnered with the CT Paid Leave Authority and Employment Attorneys from the Robinson and Cole firm to clarify expectations around parish expectations and clergy compensation. ECCT will continue to monitor and update parishes as new clarifications to the legislation are announced.