



# Employment Update

Keeping You Informed About Employment Matters

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## **New Law Enhances Paid Family and Medical Leave Credit: How Florida Employers Can Benefit**

**By Robert Skrob**

Starting January 1, 2026, employers will see major improvements to the federal tax credit for providing Paid Family and Medical Leave (PFML). These changes, part of H.R. 1, aim to encourage more businesses to offer paid leave benefits by expanding tax credit opportunities for companies that buy PFML insurance.

### **What the New Law Changes**

Currently, businesses can receive a tax credit based solely on wages directly paid to employees taking family and medical leave. Under the new law, however, employers who provide PFML through an insurance product can seek a tax credit based on the insurance premiums they pay for PFML coverage.

The credit, between 12.5% and 25%, depends on how much of an employee's wages the insurance covers. Crucially, this premium-based credit applies regardless of how many employees actually take leave during the year. Additionally, the revised law introduces clearer definitions and more

flexible rules. For example, companies can have the opportunity to receive the credit by offering paid leave to employees who have worked for at least six months (instead of a year), provided those employees regularly work at least 20 hours per week.

### **What This Means for Employers**

The premium-based credit can lower the risk and cost for businesses considering paid leave programs. Employers who previously avoided offering PFML now have a straightforward way to manage these benefits.

Florida businesses are uniquely positioned to benefit from these changes. Since Florida does not mandate paid leave but has authorized voluntary private insurance markets, companies can buy insurance and have the opportunity to receive the credit.

### **Action Steps for Employers**

Employers should begin evaluating their leave policies and comparing the costs of wage-based versus premium-based PFML. Employers must also ensure their policies meet the updated eligibility standards before the law takes effect in 2026.

Radey Law Firm continues to monitor developments. If you have any questions, please call Radey Law Firm at 850-425-6654.

*This article is meant to provide a brief overview and points of discussion regarding employment and labor law topics. Should a particular issue arise or should you desire additional consultation to protect your firm, the advice of a competent counsel should be sought.*