INTERNAL REVENUE
BULLETIN

IRS

HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2026–34
August 17, 2026

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Notice 2026-28, page 177.

This notice provides guidance on new requirements for the employer credit for paid family and medical leave under section 45S of the Internal Revenue Code following amendments made by Pub. L. 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act. The credit may be claimed by eligible employers and is equal to a percentage of wages paid or premiums paid or incurred with respect to qualifying employees for paid family and medical leave.

SPECIAL ANNOUNCEMENT

Announcement 2026-14, page 180.

This Announcement provides a revision to page 85, Part 6, Section 6.1.1 of Rev. Proc. 2026-18, 2026-30 I.R.B. 53 (July 20, 2026) to specify that Form 1099-B, like all other 2-to-a-page forms, is 4.5 inches in height within the border lines and that all 3-to-a-page forms are 2.84 inches in height within the border lines.

Finding Lists begin on page ii.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

Part III

Guidance on the employer credit for paid family and medical leave under section 45S

Notice 2026-28

I. PURPOSE

This notice provides guidance on the employer credit for paid family and medical leave under section 45S of the Internal Revenue Code (Code), as amended by section 70304 of Pub. L. 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to publish proposed regulations under section 45S that include the guidance contained in this notice (forthcoming proposed regulations).

II. BACKGROUND

Section 45S was added to the Code by section 13403 of Pub. L. 115-97, 131 Stat. 2504 (December 22, 2017), commonly known as the Tax Cuts and Jobs Act (TCJA) as a temporary provision applicable to wages paid in taxable years beginning on or before December 31, 2019. The termination date set forth in section 45S(i) by the TCJA was extended by the "Further Consolidated Appropriations Act, 2020," Pub. L. 116-94, 133 Stat. 2534, enacted on December 20, 2019, and by the "Consolidated Appropriations Act, 2021," Pub. L. 116-260, 134 Stat. 1182 (December 27, 2020). The OBBBA amended various provisions of section 45S and made section 45S permanent.

Section 45S establishes the paid family and medical leave credit for employers that provide paid family and medical leave (the credit).[1] For purposes of the paid family and medical leave credit, section 45S(d) defines an employee by cross-reference to section 3(e) of the Fair Labor Standards Act, which generally defines employee as any individual employed by an employer. Under section 45S(g), wages qualifying for the credit are wages subject to the Federal Unemployment Tax Act (FUTA) pursuant to section 3306(b), determined without regard to the $7,000 FUTA wage limitation.

Section 70304(a)(1)(A) of the OBBBA amended section 45S(a)(1) by setting forth an additional method for calculating the credit. As amended, section 45S(a)(1) provides that the employer may elect to determine the amount of the credit based on either the wages actually paid to qualifying employees while they are on family and medical leave (the wage method), or, if the employer maintains an insurance policy with regard to the provision of paid family and medical leave during the taxable year, the premiums paid or incurred by the employer with respect to that insurance policy during the taxable year (the premium method). Section 70304(a)(1)(B) of the OBBBA added section 45S(a)(3) to the Code to provide that the determination of the rate of payment under the premium method is made without regard to whether any qualifying employees were on family and medical leave during the taxable year.

Section 45S(c)(3) previously provided that all persons treated as a single employer under section 52(a) or (b) should be treated as a single taxpayer. Section 70304(a)(3) of the OBBBA amended the aggregation rule in section 45S(c)(3) to provide generally that all persons treated as a single employer under section 414(b) and (c) are treated as a single employer, and to provide an exception to the application of the aggregation rule for any person who establishes to the satisfaction of the Secretary that the person has a substantial and legitimate business reason for failing to provide a written policy that satisfies the requirements of section 45S(c)(1) or (c)(2).

Section 70304(a)(3) of the OBBBA also amended section 45S(c)(4) by modifying the treatment of leave required by state or local law or paid for by state or local governments so that such leave is taken into account for purposes of determining the amount of paid family and medical leave provided by the employer for purposes of determining whether the employer is an "eligible employer" that may claim the credit. However, such leave continues not to be taken into account for purposes of calculating the amount of the credit under section 45S(a).

Section 70304(a)(4) of the OBBBA amended section 45S(d) by modifying the definition of qualifying employee to limit that definition to employees customarily employed for not less than 20 hours per week and to permit an employer to elect to include employees after a six-month period (rather than a one-year period) of employment.

The OBBBA also amended section 280C(a) to provide that no deduction shall be allowed for that portion of the premiums paid or incurred for the taxable year which is equal to that portion of the paid family and medical leave credit which is determined for the taxable year under section 45S(a)(1)(B).[2]

The Treasury Department and the IRS issued guidance regarding section 45S in Notice 2018-71, 2018-41 IRB 548.

III. GUIDANCE

This notice modifies Notice 2018-71 to provide guidance regarding the premium method. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will be consistent with the guidance in this section III.

A. Premium Method

Q-1. To determine whether an employer is eligible to claim the credit, and to calculate the amount of the credit, how do the criteria under the premium method compare to the criteria under the wage method?

A-1. The determination of whether an employer is eligible to claim the credit and

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[1] Section 38(b)(32) provides that the amount of the current year business credit under section 38 includes the paid family and medical leave credit under section 45S.

[2] Section 280C(a) continues to provide that no deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the sum of the credits determined for the taxable year under section 45S(a)(1)(A).

the amount of the credit under the premium method is based on whether and the extent to which the premium funds a benefit for which a credit would be available under the wage method. Thus, a credit may be claimed for a premium that funds a benefit for which a credit would be available under the wage method if the benefit were paid (creditable coverage). If any portion of the premium provides funding for leave that would not be eligible for credit under the wage method, that portion of the premium is not eligible for credit under the premium method.

Q-2. Is a premium (or portion thereof) paid or incurred (as defined in section 7701(a)(25)) for creditable coverage if it is for coverage with respect to leave that would not be paid family or medical leave as defined in section 45S(e)?

A-2. No. A premium (or portion thereof) is not paid or incurred for creditable coverage if it is for coverage with respect to leave that would not be paid family or medical leave as defined in section 45S(e).

Q-3. Is a premium (or portion thereof) paid or incurred for creditable coverage if it is for coverage with respect to leave that would be payable to an individual who is not a qualifying employee within the meaning of section 45S(d) at the time the premium is paid or incurred?

A-3. No. A premium (or portion thereof) is not paid or incurred for creditable coverage if it is for coverage with respect to leave that would be payable to an individual who is not a qualifying employee within the meaning of section 45S(d) at the time the premium is paid or incurred.

Q-4. Is a premium (or portion thereof) paid or incurred for creditable coverage if it is for coverage with respect to leave that is required by state or local law or paid for by a state or local government?

A-4. No. A premium (or portion thereof) is not paid or incurred for creditable coverage if it is for coverage with respect to leave that is required by state or local law or paid for by a state or local government.

Q-5. Is a premium (or portion thereof) paid or incurred for creditable coverage if it is for coverage that provides a benefit that would not constitute wages as defined in section 45S(g)?

A-5. No. A premium (or portion thereof) is not paid or incurred for creditable coverage if it is for coverage that provides a benefit that would not constitute wages as defined in section 45S(g). For an example of compensation that does not constitute wages as defined in section 45S(g), see Q&A-24, Example 2 of Notice 2018-71.

B. Allocation of Qualifying Premium

Q-6. How does an employer determine the amount of premiums that are paid or incurred for creditable coverage for purposes of the premium method if the premiums are for an insurance policy that provides both creditable coverage and noncreditable coverage?

A-6. In the case of a premium paid or incurred for an insurance policy that provides both creditable coverage and noncreditable coverage (a blended premium), an eligible employer must allocate the premium between the creditable coverage and the noncreditable coverage. A premium is a blended premium if, for example, it is for coverage that provides both qualifying paid family and medical leave and other types of leave, or coverage for qualifying employees and nonqualifying employees. A blended premium may be allocated using any reasonable method that is consistent with the policy terms and supported by contemporaneous records. To be reasonable, a method must include objective criteria and must be applied consistently for the taxable year and to all persons treated as a single employer under the aggregation rule in section 45S(c)(3).

C. Electing Between Premium Method and Wage Method

Q-7. May an employer claim the credit using both the wage method with respect to certain leave, and the premium method with respect to other leave?

A-7. Yes, provided that both the premium and the wage credit are not claimed as to a particular instance of leave. An employer may claim the credit using the wage method for certain leave, and the premium method for other leave. However, an employer may not use the wage method to claim a credit for wages paid to the extent that the employer claims a credit using the premium method for creditable coverage that funds such benefits (or vice versa). For example, if an employer pays a premium for creditable coverage and claims a credit for that premium, the employer may not also claim the credit for benefits later funded by that same premium (via reimbursement or otherwise). In contrast, if the benefits paid during that instance of leave are partially funded by the premium and partially funded from the employer's general assets, the wage credit may be claimed for the portion funded from the employer's general assets and the premium credit may be claimed for the portion funded by the premium.

IV. FORTHCOMING PROPOSED REGULATIONS

It is anticipated that the forthcoming proposed regulations will be consistent with the guidance contained in this notice and will also address other issues. It is further anticipated that the forthcoming proposed regulations, when finalized, would apply prospectively to wages and insurance premiums paid or incurred after issuance of the final regulations. Taxpayers may rely on the guidance contained in this notice for taxable years beginning after December 31, 2025, and before the issuance of the proposed regulations.

V. REQUEST FOR COMMENTS

This notice generally provides guidance that the Treasury Department and the IRS intend to incorporate into proposed regulations. The proposed regulations will provide interested parties with an opportunity to comment on the issues addressed in the proposed regulations. However, to assist in development of the proposed regulations, the Treasury Department and the IRS request comments on all aspects of this notice and any other issues regarding implementation of the amendments to section 45S by the OBBBA. Specifically, the Treasury Department and the IRS request comments on the following:

1. The factors that may be used to allocate a blended premium. Comments are also requested on how employers may support and substantiate allocation determinations.

2. The application of section 45S(a)(1)(B) and section 45S(c)(4) to premiums paid or incurred by an employer for paid family and medical leave through a voluntary paid family and medical leave program facilitated by a state and administered by a private insurance company.
3. What constitutes a substantial and legitimate business reason under section 45S(c)(3) for failure to provide a written policy described in section 45S(c)(1) or (2).

Written comments should be submitted on or before October 16, 2026. Consideration will be given, however, to any written comment submitted after that date, if such consideration will not delay the issuance of the proposed regulations. The subject line for the comments should include a reference to Notice 2026-28. Comments may be submitted electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (type IRS-2026-0496 in the search field on the regulations.gov homepage to find this notice and submit comments). Alternatively, comments may be submitted by mail to: Internal Revenue Service, CC:PA:01:PR (Notice 2026-28), Room 5503, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. All commenters are strongly encouraged to submit comments electronically. The Treasury Department and the IRS will publish for public availability any comment submitted electronically, or on paper, to the IRS's public docket on *https://www.regulations.gov*.

VI. EFFECT ON OTHER DOCUMENTS

Section D of Notice 2018-71 is modified to provide guidance regarding the premium method.

VII. DRAFTING INFORMATION

The principal author of this notice is Christopher Dellana of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes), though other Treasury Department and IRS officials participated in its development. For further information regarding this notice contact Mr. Dellana at (202) 317-5500 (not a toll-free call).

Part IV

Correction to Rev. Proc. 2026-18

Announcement 2026-14

Due to changes in measurements, the third and fourth paragraphs on page 85, Part 6, Section 6.1.1 of Rev. Proc. 2026-18, 2026-30 I.R.B. 53 (July 20, 2026) are amended to read as follows:

Exhibit B contains the general measurements for forms printed 2-to-a-page. All 2-to-a-page forms are 4.5 inches in height within the border lines.

Exhibit E contains the general measurements for forms printed 3-to-a-page. All 3-to-a-page forms are 2.84 inches in height within the border lines.

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

Bulletin 2026–34

Announcements:

Notices:

Revenue Procedures:

Revenue Rulings:

Treasury Decisions:

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2026–27 through 2026–52 is in Internal Revenue Bulletin 2025–52, dated December 21, 2025.

Finding List of Current Actions on Previously Published Items[1]

Bulletin 2026–34

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2026–27 through 2026–52 is in Internal Revenue Bulletin 2025–52, dated December 21, 2025.

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INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page *www.irs.gov*) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.