

AVIONTÉ CONNECT

CONNECT



Compliance in 2026: OBBBA, State PFML, and What You Need to Do Now

- OBBBA changed how you report tips and overtime on every W-2
- State PFML now spans many states, with more coming
- What both changes mean for HR, tax, and payroll operations
- How Avionté supports you – including new 2026 functionality

Introductions

Welcome to **CONNECT!** Thank you for joining our session.



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Disclaimer

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Compliance in 2026

2026: A Pivotal Year

Federal

- One Big Beautiful Bill Act
 - Tips, Overtime, Benefits
- Immigration Enforcement
- DOL
- EEOC Enforcement

State & Local

- Paid Family Medical Leave
- Pay Transparency
- Minimum Wage
- Paid Sick Leave
- AI Employment Decisions

How Technology Closes the Gap

Catch problems before they become penalties

Automated checks flag I-9 expirations, contribution errors, and unreported overtime before they become violations.

Every jurisdiction in one place

A compliance-aware platform automatically applies the right rates, forms, and requirements for every state.

Be audit-ready, always

Centralized documentation means you can respond to regulators and clients fast — with confidence, not scramble.

The right platform doesn't replace expertise — it gives your team the infrastructure to execute consistently.

OBBBA – One Big Beautiful Bill Act

The One Big Beautiful Bill Act (OBBBA)

Signed July 4, 2025. The largest overhaul of the U.S. tax code since the Tax Cuts and Jobs Act of 2017. Some provisions directly affect payroll reporting.

- **“No Tax on Tips:”** Qualifying tip income is eligible for federal income deduction.
- **“No Tax on Overtime:”** The overtime premium (the 0.5/half portion) is eligible for federal income tax deduction.
- **Trump Accounts:** Savings accounts for children born 2025-2028, started with \$1,000 federal contribution. Up to \$5,000/year total; employer contributions capped at \$2,500/year & tax-deductible
- **1099-NEC Threshold:** The filing threshold for contractor payments rises from \$600 to \$2,000.
- **Dependent Care Assistance:** Annual limit on employer-provided dependent care increased from \$5,000 to \$7,500.

OBBBA: Tips & Overtime

Tips Tax Deduction

- **Deduction Limit:** Up to \$25,000 per year in qualifying tip income.
- **Who Qualifies:** Workers in tipped occupations on Treasury's published list — hospitality, food service, personal care, beauty.
- **W-2 Requirement:** New W-2 box with qualifying occupation code required for each eligible worker. Tips must be tracked separately.
- **Employer Action:** Identify eligible placed workers. Capture occupation codes. Update TTOC before end-of-year. Confirm tip transaction type set up.

Overtime Tax Deduction

- **Deduction Limit:** Up to \$12,500 per year in qualifying overtime pay. Up to \$25,000 if filing as married filing jointly.
- **Who Qualifies:** Employees earning qualifying overtime under FLSA — most hourly temporary workers are included.
- **W-2 Requirement:** Overtime must be tracked separately from regular wages and reported in a dedicated new W-2 field.
- **Employer Action:** Configure OT pay in payroll. Verify reporting before W-2 season.

What This Means for You

- **High Volume Risk:** Errors multiply across thousands of W-2s — staffing firms have more exposure than most employer types.
- **System Readiness:** Avionté will support new W-2 boxes and occupation code tracking.
- **Client Impact:** Workers and clients will ask questions — be ready with accurate answers about how the deduction works.

Form W-2 (2026)

Finalized by IRS & incorporates changes due to OBBBA.

- Box 14 -> Now 14a and 14b
 - 14a = replaces Box 14
 - 14b = new TTOC (up to 2 codes)
- Box 12 -> New codes
 - Tips = 12 TP
 - Overtime = 12 TT
 - Trump Accounts = 12 TA

a Employee's social security number		OMB No. 1545-0029		Safe, accurate, FAST! Use				Visit the IRS at www.irs.gov	
Employer's identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld			
Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld			
				5 Medicare wages and tips		6 Medicare tax withheld			
				7 Social security tips		8 Allocated tips			
Employee's name and initial Last name Suff.				9		10 Dependent care benefits			
				11 Nonqualified plans		12a See instructions for box 12a			
				13 Statutory employee Retirement plan Third-party sick pay		12b			
Employee's address and ZIP code				14a Other		12c			
				14b Treasury Tipped Occupation Code(s)		12d			
Employee's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax	

Wage and Tax Statement **2026** Department of the Treasury—Internal Revenue Service

Filed With Employee's FEDERAL Tax Return.
This statement is being furnished to the Internal Revenue Service.

OBBBA

Avionté Set Up and Tools

Configuring OBBBA in Avionté Back Office

System | Config Transaction Type

Transaction Type

Transaction Type	Name	Description	Deduction Category
204	Tips(paid)	Tips(paid)	
247	Tips (Cash)	Tips (Cash) - testing for MYN	
433	Tips (Bill)	Tips (Bill)	
205	Tips (Deduction)	Tips (Deduction)	
434	Tips (adjustment)	Tips (adjustment)	

Transaction Type Groups

Name	Description
Child Support	Child Support
Donations	Deduction from bonus
Garnishments	Garnishments
Insurance	Insurance
Levy	Levy
OT	OT - transaction types
Reg	Reg Transaction Types
Retirement	Retirement
Test	Test

Transaction Type Details

Name: Tips(paid)
Description: Tips(paid)
System Name: Tips(paid)
Type: Paycode

☐ Is Adjustment
☒ Is Transactional
☐ Is Tied
☐ Allow Web Time Entry
☐ Is Equipment
☐ Is Discretionary Bonus
☐ Is Permanent

☐ Is ER Contribution
☐ Show ER Contribution on Paycheck
☐ Is Healthcare
☐ Allow Multiple Entry
☐ Allow Negative
☐ Apply Reg Rate
☐ Is Non-Cash Benefit

☒ Include in Reg Rate of Pay
☒ Is Cash Tips
☐ Is Credit Card Tips
☐ Is Hours Worked
☐ Exclude from Add WH

Vertex Pay Code: Cash
W2Box:
W2Label:
Deduction Category:
Vertex Ded Code:

Transaction Type Groups

Name	Description
Child Support	Child Support
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Levy	Levy
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Retirement	Retirement
Test	Test

Transaction Type Group Details

Name: Reg
Description: Reg Transaction Types

Transaction Types Available

Name	Description
401K Catch up over 50	
401K Catch-Up	
401K Cont Post Tax	
401K Deduction Only	
401K employer	
401K match	
401K Match Cont Only	
401K match2	
401K Prayogtest	
401K test craft and tech	
401K Tier Transactions	
401K w/o Formula	
61L Test	
AB CWB Pay	
ACA Admin Fee	
ACAAdminFee2	

Transaction Types Assigned to this Group

ConfigTransactionType	Delete
Reg	Delete
Training	Delete

1

Configure Tip Transaction Types

Mark tip types as 'Cash Tips' or 'Credit Card Tips.'

Flag each as included in taxable wages and qualifying for the deduction.

2

Mark Transaction Types as “Is Hours Worked”

Flag Regular, OT, DT, and custom worked-time codes as 'Is Hours Worked.' Exclude PTO, holiday, and non-worked time.

3

Review Transaction Type Groups

Avionté auto-creates a 'Reg' group and an 'OT' group. Verify your standard paycodes are in the correct group. Add any custom pay codes to the appropriate group. These groups feed the DRM overtime review trigger at 40 hours/week.

4

Mark “Include in Reg Rate of Pay”

Mark any pay code in the FLSA regular rate as 'Include in Reg Rate of Pay.' Required for determining DOL reg rate of pay and OBBBA compliance.

Recalculating Qualified OT in Avionté Back Office

Avionté | Start Page

Search Type: Set Name Search Search Criteria

Supplier Administration : Bahamas Dive Shop Inc

Detail Branch User Wc Code Bank Tax Locality/Country Accrual Plan Config Year Qualified OT Recalc Email

Qualified OT Recalculation

Config Year: 2026 Run Recalculation

Select a year and click Run.

Recalculation History

Refresh

Run Start	Run End	Year	Run By	Batches	Succeed	Failed	Status	Error Message
05/20/2026	05/20/2026	2025	avi-Yolo.S					
05/20/2026	05/20/2026	2026	avi-Yolo.S					

Confirm Recalculation

Found 54 closed batch(es) for 2026.
Run Qualified OT recalculation? This may take a while.

Yes No

1

Navigate to the Qualified OT Recalc Tool
Select the supplier and click on Qualified OT Recalc.

2

Select the Applicable Year
2026 is the default year. Then click 'Run Calculation.'

3

Confirm the Recalculation
Review the successful batch and click 'Yes.'

4

Review Any Error Messages
Verify the 'Is Hours Worked' setting is configured, the appropriate Reg and OT groups are assigned, and the supplier has payroll data for the selected year.

Coming Soon:

Updated: OB BB Qualified Overtime Premium AQ in Avionté Back Office

Use To:

Pull the Qualified OT premium that automatically calculates during payroll.

Parameters:

- FEIN
- SSN
- Start Date (Check Date)
- End Date (Check Date)
- Result Type (Summary or Detail)

Summary Results:

- Employee Name
- Employee ID
- SSN
- Overtime Amount

Detail Results:

- Employee Name
- Employee ID
- SSN
- Check Date
- Transaction Type
- Pay Rate
- Reg Pay Rate
- Overtime Amount

Coming Soon:

Configuring TTOC (Tips) in AviontéBOLD

Northwind Staffing | Dashboard | Jobs | Applicants | Timesheet | Invoices | Companies | Documents | Analyze | Automation | Flow 1 - Sales Mgr | Flow 2 - Standard

Back Office | Table Editor | Standard Job Titles

Standard Job Titles
Create and manage occupational titles, mapping them to official SOC codes and business classifications for consistency and compliance.

+ Add Job Title | Audit

JOB TITLE	JOB CATEGORY	SOC	TTOC	DESCRIPTION	OFFICE ACCESS	STATUS	ACTIONS
Bartender	Food & Beverage	35-3011	101	Food Preparation and Serving Related (35-0000)	All Offices	Active	
Cosmetologist	Personal Care	39-5012		Personal Care		Active	
Delivery Driver	Transportation	53-3031	804	Transportation		Active	
Forklift Operator	Warehouse	53-7051		Transportation		Active	
Head Chef	Food & Beverage	35-1011	105	Food Preparation		Active	
Live Performer	Entertainment	27-2099		Arts, Design, and Entertainment		Active	
Massage Therapist	Personal Care	31-9011	602	Healthcare Support		Active	
Office Clerk	Admin	43-9061		Office and Administrative Support		Active	
Server	Food & Beverage	35-3031	102	Food Preparation		Active	
Skincare Specialist	Personal Care	39-5094	601	Personal Care		Active	

Add Standard Job Title

Job Title *
Cosmetologist

Description
Personal Care and Service (39-0000)

Job Category *
Personal Care

SOC Code
39-5012 - Hairdressers, Hairstylists and Cosmetologists

TTOC Code *
Select TTOC code...

Office
603 - Barbers, Hairdressers, Hairstylists, and Cosmetologists

All Offices
611 - Shoe and Leather Workers and Repairers

Cancel | Add Job Title

1

Navigate to Table Editor

Go to the Standard Job Title menu and create a new or edit an existing standard job title.

2

Assign the SOC and TTOC

SOC value determines the available TTOC value(s).

3

TTOC Flows to Back Office

TTOC lives in the Skill Code section, is available on the Skill Code AQ, and W-2 reporting.

4

TTOC is View Only on the BOLD Job Order

TTOC displays in the BOLD job order Classification Details section. Editing is only available in table editor.

State PFML – Current Landscape

Paid Family & Medical Leave (PFML): How It Works

Employee Contribution

- A % of gross wages is withheld each paycheck. Rate and wage cap vary by state.

Employer Contribution

- Most mandatory states require an employer match on top of employee deductions. Some states exempt small employers or allow voluntary plans.
- Note: Some states require only employee contributions — always verify by state.

Remittance to the State

- Employer collects both shares each pay period and remits the combined amount to the state fund quarterly.
- The employer is responsible for Filing quarterly returns, remitting on time, & maintaining records for audits

Benefit Payment

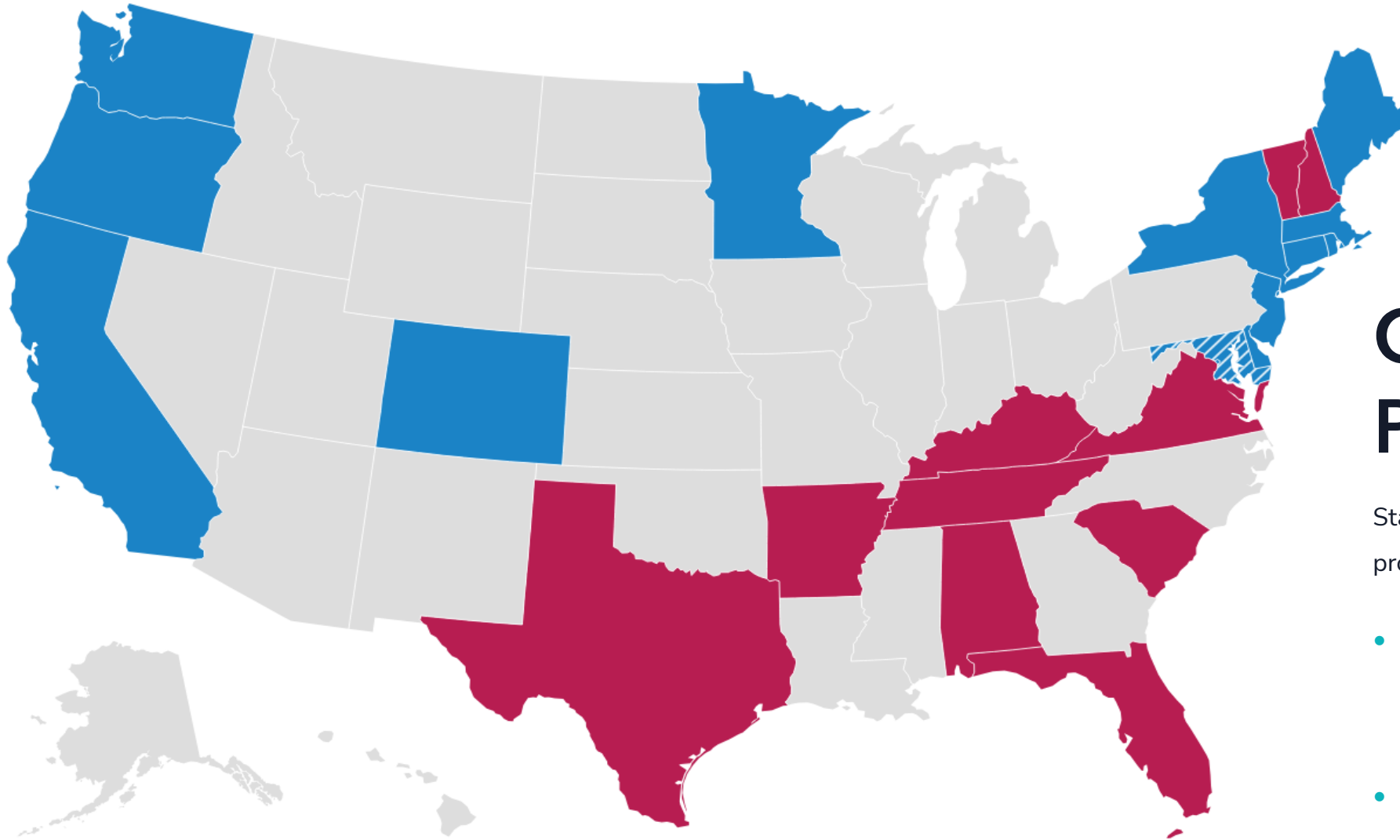
- Employee files a claim directly with the state. The state reviews eligibility and pays benefits from the fund.
- The employee receives a weekly benefit check from the state — NOT from the employer payroll.

PFML is a state-mandated insurance program providing partial wage replacement when employees take qualifying leave including a new child, serious illness, or family caregiving need.

 Voluntary System

Not Yet Active

Not Yet Active



Status of State-Level paid family policies and programs.

- Mandatory = 14 states & D.C
- Voluntary = 10 states

State PFML: What's Launching Now & Next

MN

Already fully live

DE

Benefits going live in
2026

ME

Benefits going live in
2026

MD

Premiums in January
2027

Mandatory programs requiring immediate payroll compliance action in 2026–2027

State PFML: Recently Enacted & In Progress

VA

VA - Contributions in
April 2028;
benefits December
2028

IL

(Proposed)
Contributions in
2027; benefits in
2028

PA

(Proposed)
House passed March
2026; With Senate
committee in April.

IA

Enacted for state
employees only

AND.....Hawaii, Michigan, Missouri, New Mexico, North Carolina, Ohio, West Virginia, Wisconsin
have/had proposed legislation.

States can pass PFML in a single legislative session so stay tuned!

PFML

Avionté Set Up and Tools

Configuring State PFML in Avionté Back Office

Supplier Administration : ABC Staffing Inc.

Detail Branch User Wc Code Bank Tax

Locality Country Code

Locality

Staffing Supplier	Locality
ABC Staffing Inc.	MI
ABC Staffing Inc.	MN
ABC Staffing Inc.	MS
ABC Staffing Inc.	MT

Add New Cancel

State City

Country United States

State MN

Note

Minimum Wage \$10.00

Require Sales Tax ☐

Calculation Method Change History

Select Premium Calculation Method, after time

- ☒ Standard (employer pays min and employee pays max)
- ☐ Employer covers 100% of employee premiums
- ☐ Small Employer - Reduced Premium Rate
- ☐ Custom Split

Save Paid Family Medical Leave

1

Navigate to Locality

Admin Tools → Employer

Select your employer record, then open the Locality/Country tab. Avionté controls DC and CT deductions automatically based on state requirements.

2

Select the State

Search and select the state you want to configure. Click the Paid Family Medical Leave button at the bottom of the tab.

3

Choose Calculation Method

Select the method that fits:

- Standard (employer min / employee max)
- Employer covers 100% of employee premiums
- Small Employer
- Voluntary Plan Provided
- Custom Split (set EE/ER % manually)

**options vary based on state rules*

4

Save

Click Save to confirm. Configuration applies to all paychecks processed after the time of selection. Repeat for each state where you have workers.

Setup PFML State Remittance Export Access in Avionté Back Office

The screenshot shows the 'Admin System Server Report' window with the 'Advance Query' tab selected. The 'ME Family and Medical Leave Export' query is highlighted in the list. Below the list, the 'Advance Query Details' section shows the query name, SQL text, and description. The 'Advance Query Column' section shows a table of columns. The 'Advance Query Users' section shows a list of users with checkboxes for enabling the report. The 'Advance Query Parameter' section shows a table of parameters.

QueryName	Description	IsDataFeed
me	Integrated Front Office Time Sheet Details	☒
Job Order Metrics	Job Order Metrics	☐
ME Family and Medical Leave Export	ME Family and Medical Leave Export	☒

Buttons: Add New, Cancel

Radio buttons: ☒ User ☐ Group

Advance Query Details

Query Name: ME Family and Medical Leave Ex
SQL Text: exp_MEFamMedSickLeave
Description: ME Family and Medical Leave Ex
File Name:
Require Parameter: ☒ Data Feed: ☒
Dynamic File Name: ☒ File Import: ☐
Append To Existing File: ☐ Weekly Process: ☒

Advance Query Column

Name	IsHidden	IsGrou	Summary	Column Type	Order By	SortOrder
*	☒	☒	☒			

Advance Query Users

User	IsEnabled
admini	☒
RootUserGUID : (1 item)	
User	☒
Administrator	☒

Advance Query Parameter

Dis	Parameter Name	Value Type	Value List Sour	Value	IsVisible	Display Me	Value Mem	SortOrde	IsRequire
☒	FE... @FEIN	VALUELIST	exec exp_GeF...		☐	Display	Value	3	☐
☐	P... @Analysis	VALUELIST			☐	Phase	Bitvalue	5	☐
☐	Q... @Quarter	VALUELIST			☐	Quarter	Value	2	☐
☐	Tr... @TransmitterSupplier	VALUELIST	SELECT REPL...		☐	Disolav	Value	4	☐

Buttons: Save

1

Configure PFML in Admin Tools
Admin Tools → Employer → Locality/Country tab.
Select the state (e.g., ME), click Paid Family Medical Leave, and verify the calculation method.

2

Enable the Advanced Query Report
Admin Tools → Reports → Advance Query.
Locate the PFML export query and share it with the user who will run quarterly exports.

3

Save & Restart
Save your changes in the Advance Query screen. Restart the application for the report permission changes to take effect.

Generate Quarterly PFML State Remittance in Avionté Back Office

AVIONTÉ Weekly Process

Main Menu: Billing, Invoice, Paycheck, AR, AP Bill, Weekly Process, Import Export, Report, Reports, Administration, Unemployment, Wc Claim

Start Page Weekly Process

Select Feed: ME Family and Medical Leave Export

Choose Location: [Empty] Browse

Enter Parameter

DisplayName	Value	IsRequired
Year		☐
Quarter		☐
FEIN		☐
Transmitter Supplier		☐
Phase		☐

Action: Process File

Weekly Process

Start Page Weekly Process

Select Feed: ME Family and Medical Leave Export

Choose Location: C:\Users\Administrator\Desktop Browse

Enter Parameter

DisplayName	Value	IsRequired
Year	2025	☐
Quarter	Q1	☐
FEIN	123456789 ABC, Testing	☐
Transmitter Supplier	123456789 Testing	☐
Phase	Generate Report	☐

Action: Process File

Export Data Generated

The "ME_PFML_123456789_032025_03142025_122610.txt" has been generated in destination folder. Reference ID: 2272

OK

1

Navigate to Weekly Process

Weekly Process → Import/Export.
Select the state PFML export option from the feed list (example "ME Family and Medical Leave Export").

2

Enter Required Parameters

Enter the following for each export run:

- Tax Year
- Quarter (Q1–Q4)
- FEIN (Federal Employer Identification Number)
- Transmitter Supplier (if applicable)

3

Generate the File

Click Process File. Avionté generates a compliant filing based on state requirements.

If invalid or missing data is detected, Avionté prevents file generation and displays error messages. An analysis report is still generated so you can identify and correct the issue before resubmitting.

Submit the file directly to the state portal.

Resources & Support

Avionté

Knowledge Base

PFML setup guides, OBBBA transaction type configuration, and more are in the Knowledge Base.

Your Avionté Team

Reach out with a support ticket or questions to your Avionté Team. Stay tuned for year-end training webinars.

IRS Guidance

P.L. 119-21, IRS Notice 2025-75, Rev. Rul. 2025-4, and the finalized 2026 Form W-2 instructions with new box definitions.

State PFML Portals

Each state's employer portal handles registration, rate confirmation, and quarterly remittance submission

Where to go when you get back to the office!

Q&A

Rate the session



Leave further feedback...

SEND

Cancel

Thank You

Help shape future **CONNECT** content by rating this session.

1. Open the Bizzabo app and select Agenda
2. Locate: **Compliance in 2026: OBBBA, State PFML, and What You Need to Do Now**
3. Rate and leave feedback

Appendix

Session Resources

Resource	What It Is	Where to Find It
Configure Tip Transaction Types	Mark tip types as 'Cash Tips' or 'Credit Card Tips.'	Knowledge Base article: Add/Edit Transaction Types
Qualified OT Recalculation Tool	The Qualified OT Premium Recalculation tool allows administrators to correct year-to-date Qualified OT Premium amounts for a selected supplier. If transaction types were not updated before payroll processing began for a given year, this tool recalculates each closed batch so that your YTD totals reflect the correct Qualified OT Premium amounts.	Knowledge Base article: Supplier Qualified OT Recalc Tab
OBBB Qualified Overtime Premium AQ	New report used to pull the qualified OT premium amount that is automatically calculating during the payroll process.	Stay tuned to Release Notes
Verify W-2 Box Configuration	Confirm boxes 12 TP (tips), 12 TT (overtime), 12 TA (Trump Accounts), and 14a/14b (TTOC) are enabled in your W-2 settings.	Knowledge Base article: Get Fed W2 Details with Box Totals
Review 1099-NEC Threshold	Review your 2026 1099-NEC's using standard 1099-NEC report in Avionté.	Knowledge Base article: 1099 NEC AQ
IRS - Treasury Tipped Occupation Codes (TTOC)	A list of occupations that receive tips and definition of "qualified tips" that eligible taxpayers may claim as deduction.	IRS News Release Federal Register – Definition of Qualified Tips

Session Resources

Resource	What It Is	Where to Find It
PFML Setup and Configuration	Avionté allows PFML configuration for states that require PFML. Vertex will control the deductions, but the client can control configuration for the deductions. While all state programs are funded through employee-paid payroll taxes, some are partially funded by employer-paid payroll taxes. These steps allow users to select the calculation method that best fits their situation.	Knowledge Base article: PFML Setup and Configuration
PFML Export Process	Configure and use the PFML export functionality to generate compliant ASCII files for submission to state authorities.	Knowledge Base article: PFML Export Process Maine Example
Avionte Training Webinars	Recorded and live webinars are held throughout the year. Check back later in 2026 for year end specific webinars.	Avionte Training Calendar

State PFML: 2026 Premium Rate Comparison

