



Shape the future  
with confidence

# Payroll month in review for January and February 2026

*Employment Tax Advisory Services*

Vol. 4, Issue 1

## Contents

[Replacing lost Forms W-2: compliance and leading practices](#)

[EY special reports](#)

[Federal developments](#)

[State unemployment insurance](#)

[State and local income tax withholding](#)

[Other payroll developments](#)

[Bill watch](#)

[Prior issues of \*Payroll month in review\*](#)

[Contact us](#)



The better the question.  
The better the answer.  
The better the world works.

## Replacing lost Forms W-2: compliance and leading practices

When employees reach out saying they never received their 2025 Form W-2, payroll teams often wonder how quickly they must respond and exactly what the IRS expects them to do next. Lost mail, outdated addresses and overlooked electronic notices are common, and requests for replacement Forms W-2 can pile up fast.

Below we discuss considerations and leading practices for issuing replacement Forms W-2.

### Issuing a replacement Form W-2

Employers may reissue a Form W-2 using the IRS official form or an acceptable substitute that meets IRS Publication 1141 requirements. If providing a paper replacement Form W-2 (or Form W-2c), it must be clearly labeled "REISSUED STATEMENT." Employers should not file Copy A of a reissued Form W-2 with the Social Security Administration. Electronic Forms W-2 do not require the "REISSUED STATEMENT" label.

## Replacing lost Forms W-2

---

### Timing considerations

The deadline for providing Forms W-2 applies only to the original issuance. The IRS does not specify a required timeframe for issuing replacement Forms W-2 when forms are lost or not received. Employers should be mindful of employees' tax filing deadlines but are generally not required to issue replacement forms on demand.

To reduce disruption from repeated replacement requests, some employers designate a specific processing schedule for duplicate Forms W-2 or use electronic delivery methods where permitted.

### Privacy and confidentiality

Keep in mind that the Form W-2 contains sensitive personal information. Employers should take reasonable steps to ensure replacement Forms W-2 are delivered securely. Recommended practices include secure email, secure web portal, confidential intercompany mail, US Postal Service delivery or other reliable methods based on a written or PIN-verified employee request. Phone requests, especially those involving alternate addresses, are discouraged.

### Documentation and recordkeeping

Many employers require employees to complete and sign a written request form for replacement Forms W-2. This practice can help to protect confidentiality, standardize processing and document the employer's reasonable efforts to safeguard employee data. Below is a sample request.

### Sample employee request for replacement Form W-2

Employee name (print)	
Social Security Number	
Phone number	
Mailing address	
City, State, ZIP	
Tax year requested	
Choose the delivery method	<input type="checkbox"/> Form W-2 web download
	<input type="checkbox"/> Company email
	<input type="checkbox"/> First-class mail
	<input type="checkbox"/> Pick up
	<input type="checkbox"/> Intercompany mail
Employee signature	
Date	

### For office use only

Date request received
Date replacement provided
Replacement prepared by

### EY special reports

#### The additional payday: considerations for weekly and biweekly payers

In this special report, we explain why, in some years, weekly and biweekly payers have an additional payroll period, the impact it can have on budgets and wages, approaches employers take in dealing with the windfall for salaried exempt employees and other procedural matters to consider.

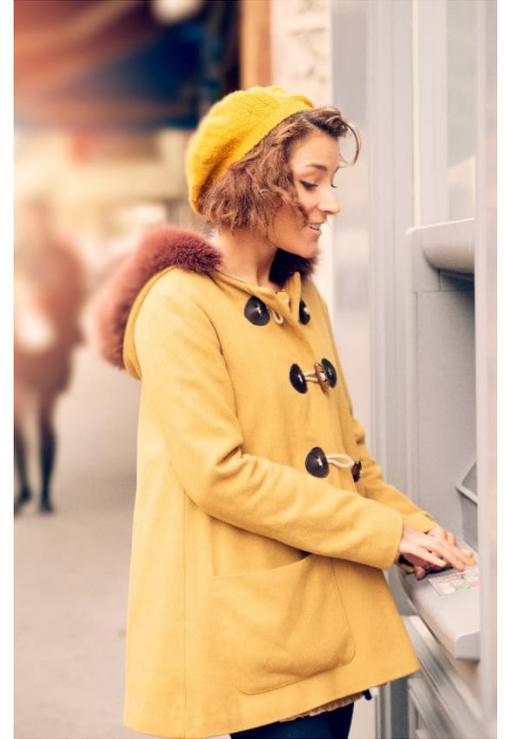
—[Download the special report](#)

#### Fringe benefits reporting: frequently asked questions for 2025

In this special report, we provide a federal fringe benefits reporting chart and answers to frequently asked questions about the taxation and reporting of these fringe benefits:

- Gift cards
- Moving expenses
- Cell phones
- Employee loans
- Day care
- Educational assistance
- Nonqualified deferred compensation
- Wellness benefits
- Former employee group-term life

—[Download the latest report](#)



#### State unemployment insurance requirements for employee notices and workplace posters

Most states require that employers tell employees about their potential eligibility for unemployment insurance benefits. There are two forms of communication that most states require: (1) a notice to the employee at the time of separation and/or (2) a poster placed in a conspicuous location in the workplace.

Our special report includes the results of our October 1, 2025, survey of state workforce agency websites and includes links, if applicable, to the states' requirements for unemployment insurance employee separation notices and workplace posters.

—[Download the latest report](#)

# EY special reports

Continued

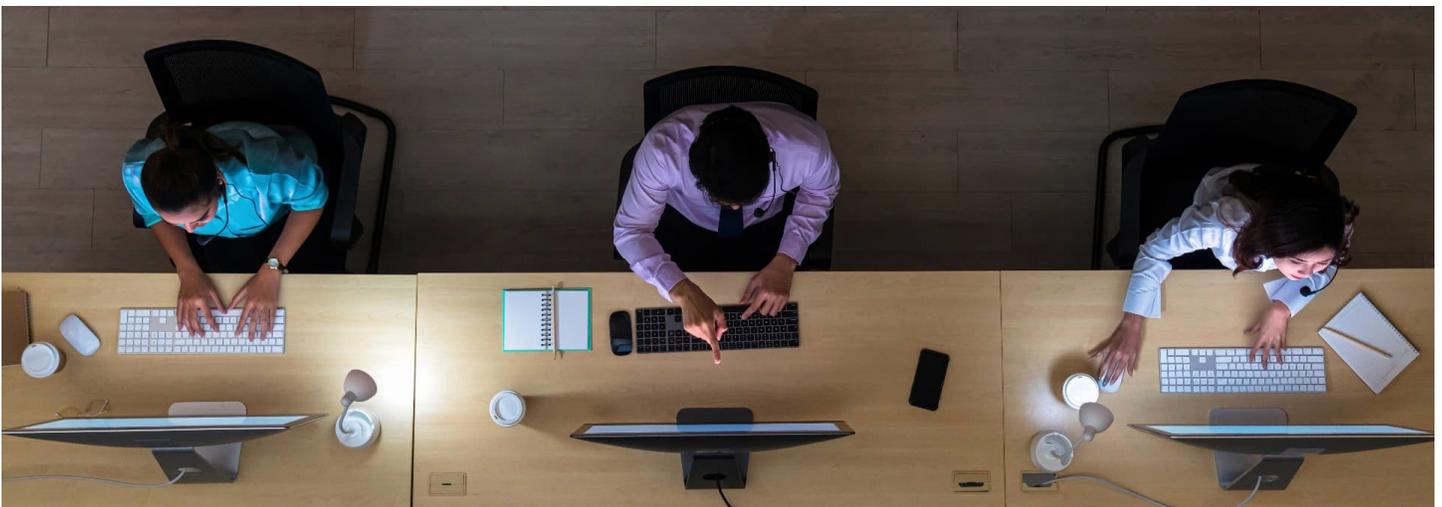
---

## Federal and state Form W-4 compliance

Our special report, updated in May 2025, provides information that employers need to know about federal and state Form W-4 compliance, with topics including:

- IRS Form W-4 regulations
- IRS lock-in letters compliance
- Federal Form W-4 top 10 tips
- Federal Form W-4 frequently asked questions
- Special instructions for US nonresident aliens
- State Form W-4 compliance in 2025
- 2025 State Form W-4 requirements survey
- 2025 state Form W-4 requirements heat map

—[Download the latest report](#)



### Federal developments

#### IRS extends transition relief for taxation and reporting of medical leave benefits paid under state paid family and medical leave programs

For medical leave benefits that are paid by states during 2026 and attributable to employer contributions, states and employers are not required to comply with the federal income tax withholding and reporting requirements applicable to third-party sick pay. Therefore, they will not be subject to penalties under IRC Sections 6721 and 6722 for failure to file correct information returns or furnish correct payee statements.

—[Read more about this development in Tax Alert 2025-2593](#)

#### IRS releases first set of guidance on Trump accounts

In Notice 2025-68, the IRS announced initial guidance and its intent to issue regulations on "Trump accounts," which are individual retirement accounts for children under 18 years old.

—[Read more about this development in Tax Alert 2025-2438](#)

### State unemployment insurance (SUI)

#### SUI wage bases and tax rates for 2026

By clicking on the link below, you will have access to information concerning the 2026 SUI wage bases and the minimum and maximum SUI tax rates, including surcharges that are not certified and not included in state SUI wages on the federal Form 940. Information is also provided concerning the date that the 2026 SUI rate notices were issued. This report reflects information available as of 2026.

—[Read more about this development in Tax Alert 2026-0278](#)

#### Ohio law adds SUI surcharge and makes other changes

The Ohio appropriations legislation for fiscal year 2026-27 makes several changes to the state's SUI law including a new Technology and Customer Service Fee that applies to contributory and reimbursing nonprofit employers.

—[Read more about this development in Tax Alert 2026-0492](#)

### State and local income tax withholding

#### New Jersey law modifies local employer tax administration and gives relief to multistate employers

New Jersey Governor Mikie Sherrill signed into law [S.B. 4219](#), which, effective immediately, makes targeted changes to administration of the state's local employer payroll taxes currently imposed by [Newark](#) and [Jersey City](#).

—[Read more about this development in Tax Alert 2026-0463](#)

## Other payroll developments

### California State Controller reminds unclaimed property holders of the state's Voluntary Compliance Program

The California State Controller is sending letters to businesses that may be holding past-due unclaimed property (hereafter, holders), reminding them of the state's Voluntary Compliance Program (VCP). Under the VCP, holders of unclaimed property (e.g., uncashed payroll checks, refunds, deposits or credits) that report past-due unclaimed property and meet the requirements of the VCP will have the 12% interest assessment on past-due unclaimed funds waived.

—[Read more about this development in Tax Alert 2026-0191.](#)

### Minnesota issues guidance on the income tax treatment of paid family and medical insurance benefits and premiums

The Minnesota Department of Employment and Economic Development issued a fact sheet addressing state and federal tax and reporting for leave benefits and contributions under the state's paid family and medical leave insurance program.

The guidance explains the taxability of paid leave benefits, the deductibility of employer and employee premium contributions, voluntary state and federal income tax withholding options, and payroll and information reporting considerations.

—[Read more about this development in Tax Alert 2026-0503.](#)

## Bill watch for 2026

### Federal

<a href="#">S. 1443</a>	Status: Referred to Committee on Finance (4-10-2025)	Topic: Mobile Workforce State Income Tax Simplification Act of 2025
For state income tax and withholding purposes, would provide a 30-day safe harbor for employees who travel across state borders for temporary periods to perform work duties.		

### Georgia

<a href="#">S.B. 476</a>	Status: Senate adopts amendments for upcoming vote, House considers Senate markup (2-18-2026)	Topic: State income tax
Effective retroactive to January 1, 2026, would reduce the personal income rate from 5.19% to 4.99% and increase the standard deduction for single filers from \$12,000 to \$50,000 and married filers from \$24,000 to \$100,000.		

### Hawaii

<a href="#">H.B. 1807</a>	Status: Introduced (1-22-2026)	Topic: State income tax
Effective January 1, 2026, would create a 3% surtax on taxpayers with income exceeding \$500,000 when unmarried or married and filing a separate return, \$750,000 when the head of a household or a surviving spouse, or \$1 million when filing jointly.		

## Bill watch for 2026

---

### Indiana

<a href="#">S.B. 243</a>	Status: Passed House and Senate and awaits approval by governor (2-27-2026)	Topic: Conformity with the federal One Big Beautiful Bill Act (OBBBA)
Effective January 1, 2026, would conform the Indiana tax code to most provisions of the federal OBBBA.		

### Idaho

<a href="#">H.B. 519</a>	Status: Introduced to House Revenue and Taxation Committee (1-26-2026)	Topic: Conformity with the federal One Big Beautiful Bill Act (OBBBA)
Effective January 1, 2026, would conform with the federal OBBBA.		

### Missouri (St. Louis)

<a href="#">Board Bill 100</a>	Status: Notice of House hearing for vote on 4-7-2026	Topic: Local income tax withholding
Voters will choose on April 7, 2026, whether to renew the St. Louis earnings tax.		

### Nebraska

<a href="#">L.B. 802</a>	Status: Notice of House Hearing (2-12-2026)	Topic: State income tax
Effective January 1, 2027, would update individual income tax brackets and rates, lowering the rate of the fourth income tax bracket to 3.98%.		

### Virginia

<a href="#">H.B. 188</a>	Status: House Finance Committee introduces impact statement (2-11-2026)	Topic: State income tax
Effective January 1, 2026, would create a new tax bracket of 10% on income over \$1 million.		

### Washington

<a href="#">S.B. 6346</a>	Status: Passed Senate (2-16-2026)	Topic: State income tax
Effective January 1, 2028, would impose a 9.9% income tax on individuals and couples making over \$1 million.		

### West Virginia

<a href="#">H.B. 4019</a>	Status: Assigned to House Finance Committee (1-15-2026)	Topic: State income tax
Effective January 1, 2026, would modify the personal income tax brackets and reduce the tax rates: the tax rate would be 2% on income up to \$10,000 and up to 4.34% on income above \$60,000.		

### West Virginia

<a href="#">S.B. 392</a> (companion to H.B. 4019)	Status: Assigned to House Finance Committee (2-23-2026)	Topic: State income tax
Effective January 1, 2026, would lower the top marginal personal income tax rate from 4.82% currently to 4.34% for income above \$60,000, and similarly reduce each lower bracket's tax rate by roughly 10%.		

## Prior issues of *Payroll Month in Review*

---

## Prior issues of *Payroll Month in Review*

[Payroll Month in Review for December 2024](#)  
[Payroll Month in Review for January-February 2025](#)  
[Payroll Month in Review for March 2025](#)  
[Payroll Month in Review for April 2025](#)  
[Payroll Month in Review for May 2025](#)  
[Payroll Month in Review for June 2025](#)  
[Payroll Month in Review for July 2025](#)  
[Payroll Month in Review for August 2025](#)  
[Payroll Month in Review for September 2025](#)  
[Payroll Month in Review for October 2025](#)  
[Payroll Month in Review for November 2025](#)  
[Payroll Month in Review for December 2025](#)



## Contact us

---

Contact Employment Tax Advisory Services for more information

 [View our services](#)

 [Email us](#)

 [Join us on LinkedIn](#)

Kristie Lowery  
[kristie.lowery@ey.com](mailto:kristie.lowery@ey.com)

Ken Hausser  
[kenneth.hausser@ey.com](mailto:kenneth.hausser@ey.com)

Debera Salam  
[debera.salam@ey.com](mailto:debera.salam@ey.com)

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting or tax advice or opinion provided by Ernst & Young LLP to the reader. The reader is also cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The reader should contact his or her Ernst and Young LLP or other tax professional prior to taking any action based upon this information. Ernst & Young LLP assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein. Copyright 2025-2026. Ernst & Young LLP. All rights reserved. No part of this document may be reproduced, retransmitted, or otherwise redistributed in any form or by any means, electronic or mechanical, including by photocopying, facsimile transmission, recording, rekeying, or using any information storage and retrieval system, without written permission from Ernst & Young LLP.