DATE: September 4, 2026

TO: Agency Addressed (No. 5, 2026-27)

FROM: Renée Hermeling, Director
Division of Accounting and Auditing
Department of Financial Services

SUBJECT: 2026 PAYROLL CUTOVER CALENDAR INFORMATION

The following payroll related information is provided to assist agencies in preparing for the cutover from the Florida Accounting Information Resource (FLAIR) to Florida Planning, Accounting, and Ledger Management (PALM) Human Capital Management. Details regarding upcoming payroll processing activities and deadlines are included. The Payroll Preparation Manual, which is referenced throughout this memorandum, can be accessed on Accounting and Auditing's website.

Most reports referenced in this memorandum are available through the Report Distribution System (RDS). RDS will remain available for all end of calendar year reports. If you need assistance in viewing or printing your reports, please contact your agency RDS administrator. Please note that RDS report forms must be established and assigned to users before the report is created to be viewable.

The following changes were made to the published Agency Payroll Calendar:

- Last On Demand Payroll Processing moved from December 23, 2026, to December 22, 2026.
- Electronic Funds Transfer (EFT) Cancellation Deadline for Biweekly Payroll has been removed from December 22, 2026. EFT cancellations will not be permitted for this payroll.
- Florida State Guard payroll that was scheduled to process on December 22, 2026, has been moved to process on December 17, 2026, with a warrant date of December 24, 2026.
- *NEW* - State Active Duty payroll will also be processed on December 17, 2026, with a warrant date of December 24, 2026.
- *NEW* - Supplemental Payroll Processing has been added for December 22, 2026, with a warrant date of December 29, 2026.
- Agencies should proactively ensure adequate cash is available for all December payrolls. All negative balances resulting from a payroll will be cleared by December 22, 2026.

Further details about these changes and other payroll deadlines related to cutover to Florida PALM are below.

1. Adjustments Deadline – Salary Overpayments, Non-Cash, Cancellations

The last date for any adjustments related to calendar year 2026 to be entered/approved in FLAIR-PYRL is December 22, 2026. All adjustments must be entered into and approved in the on-line system by **5:00 p.m. on December 22, 2026**. This is the date of the last cancellation and adjustment run which will adjust the original 2026 Form W-2.

There will not be an agency prior period cutoff deadline in December 2026.

2. EFT & Warrant Cancellations Deadline

a. EFT Cancellations
   i. EFT Cancellations will not be permitted for the final Biweekly payroll warrant dated December 24, 2026, and the final Monthly payroll warrant dated December 31,2026.

b. Paper Warrant Cancellations
   i. All paper warrant cancellations must be entered into and approved **in the on-line system by 5:00 p.m. on December 22, 2026.**

ii. If a payroll warrant needs to be cancelled after December 22, 2026, please reach out to BOSPEmployeeRecords@myfloridacfo.com for assistance.

Procedures for cancellation and adjustment processes are found in **Volume V, Sections 5-8**, of the Payroll Preparation Manual.

3. Refund of Current Year Salary Overpayments

To be included in the production of original 2026 Form W-2s, salary refunds must be added and approved in the PYRL system by **5:00 p.m. on December 22, 2026**, (the last daily adjustment run affecting the original 2026 Form W-2s).

Refunds entered in the system and approved by December 22, 2026, will have taxable gross, Social Security, Medicare, and federal withholding tax adjusted. The original Form W-2 will reflect the employee's salary refund. The related Social Security, Medicare, and federal withholding tax will be restored to agency accounts.

Any current year salary refunds that must be processed using the manual salary refund for overpayment form **DFS-A3-1911,** must be submitted to the Bureau of State Payrolls (BOSP) for processing no later than **5:00pm on December 17, 2026.**

Refunds entered in the PYRL system by December 22, 2026, **but not approved by 5:00 p.m.** will be purged from the system.

Current year salary overpayments that have not been fully collected at year-end should not be approved in PYRL. These overpayments must be recalculated to include the withholding tax and will need to be entered manually by BOSP once the full amount has been collected.

Any salary refund adjustments that are purged from the system due to year end can be viewed on the RDS Report form id U**2.

Information concerning the processing of refunds of salary overpayments can be found in **Volume V, Section 6**, of the Payroll Preparation Manual.

4. Refund of Prior Year Salary Overpayments

Amounts collected by the agency for prior year salary overpayments during the current calendar year should be entered into the Online Salary Refund System no later than **5:00 p.m. on December 22, 2026**. If the agency has not collected the entire amount due, the agency should not approve the adjustment.

This is especially critical for any salary overpayment monies collected that pertain to Calendar Year 2023. After December 22, 2026, agencies will no longer be able to recoup Social Security and Medicare taxes for payments originally issued in 2023.

5. Non Cash Adjustments

a. Vehicle Fringe Benefit Reporting

i. The deadline for reporting vehicle fringe benefits for November 1, 2025, through October 31, 2026, is **5:00p.m. on December 22, 2026.** Vehicle fringe benefits must be reported utilizing the **Online Non-Cash Adjustments System**.

ii. Elected officials and employees whose calendar year 2026 compensation is equal to or exceeds the Federal Government Executive Level V, are not eligible to use the commuting valuation method. Instead, they must use the Annual Lease Value Table. Please note there is a four-year recalculation requirement when using the Annual Lease Value Table. Refer to **Volume VI, Section 3, *Personal Use of State-Provided Vehicles***, of the Payroll Preparation Manual for instructions.

b. Taxable Tuition Waivers and Taxable Education Assistance

   i. Taxable tuition waivers and education assistance must be reported in the current calendar year utilizing the **Online Non-Cash Adjustments System**. Information concerning the reporting of taxable tuition waivers is in **Volume VI, Section 3**, of the Payroll Preparation Manual.

c. Agencies collecting Federal Insurance Contributions Act (FICA) taxes through the payroll process in December should exercise care to ensure that the appropriate non-cash adjustments are entered and approved prior to the processing of their agency's last payroll of the year (December 21, 2026, for monthly agencies and December 18, 2026, for biweekly agencies).

   Online adjustments processed after the last payroll for 2026, or adjustments made by agencies that elect to pay FICA taxes from their Florida Accounting Information Resource accounts, must be entered and approved in the on-line system by **5:00 p.m. on December 22, 2026**, to be considered as 2026 business. This is the date of the last cancellation and adjustment run which will adjust the original 2026 Form W-2. Any reported benefits entered into the online system after that date will result in the affected employee receiving a corrected Form W-2 (Form W-2c) for calendar year 2026.

   Instructions for completing online non-cash adjustments are found in **Volume V, Section 7**, of the Payroll Preparation Manual.

6. Online Current Month Retirement Adjustments

The deadline for agencies to process online retirement adjustments that will result in a refund to an employee is December 15, 2026.

The deadline for retirement adjustments for workers compensation and those resulting in a collection from an employee is December 22, 2026.

If you need assistance with this, please contact BOSP_RetInvoice@myfloridacfo.com.

7. W-2 and 1099 Reporting Adjustments

Agencies should monitor all instances when an employee is scheduled to receive both a W-2 and 1099 form. To aid in the review process, a report was developed to identify those individuals who are receiving wage payments that are subject to Form W-2 reporting and who are also receiving expense payments subject to non-employee compensation Form 1099 reporting. This report is generated every Thursday and is located on a Department of Financial Services (DFS) repository server. Please reach out to your agency IT technical contact to gain access to the report.

If payments need to be reclassified as wages to be included on the W-2 for 2026, the object code correction must be completed by the Bureau of Vendor Relations and the reclassification adjustment request must be submitted to the Bureau of State Payrolls no later than **December 15, 2026,** to allow processing time for the adjustment.

8. On-Demand Payrolls

The last On-Demand Payroll will be processed on December 22, 2026, warrant dated December 24, 2026. All On- Demand transactions that are not approved by **5:00 p.m.** on December 22, 2026, will be purged from the On- Demand system.

Any payments purged from the system due to year end can be viewed on the RDS Report form id Q**J.

9. Negative Central FLAIR Cash and/or Budget Balances

All negative balances resulting from the Biweekly payroll warrant dated December 24, 2026, and the Monthly payroll warrant dated December 31, 2026, must be cleared by 11:00 am on December 23, 2026. Agencies will need to provide an active FLAIR account code with enough Cash and Budget to cover the negative to BOSP no later than 10:00 am on December 23, 2026, for the negative to be cleared by BOSP. BOSP will not post to multiple accounts.

If an agency does not provide an active FLAIR account code, BOSP will notify agencies which account was selected to clear the negative balance.

10. Form W-4

a. Last date for Form W-4 Changes – the last date for employees to make changes to their Form W-4 in People First will be December 23, 2026. Any changes following that date must be made in the Florida PALM Employee Self Service portal. The estimated date of this portal going live is still TBD.

b. Expiration of Exemption from Withholding - A Form W-4 claiming exemption from withholding is valid for only one calendar year. Employees claiming **'Exempt'** status on their Form W-4 must file a new Form W-4 each year. Form W-4s claiming 'Exempt' status for 2026 are valid through February 15, 2027. If a new Form W-4 is not filed, the Internal Revenue Service (IRS) requires the employer to withhold tax as if the employee is single with no deductions or dependent amounts. On February 15, 2027, DFS will update Form W-4s that still contain 2026 'Exempt' status to "single" filing status and no deductions or dependent amounts in the FL PALM Human Capital Management system. To continue uninterrupted exempt status for 2027, eligible employees must submit a new Form W-4 by February 15, 2027. This will need to be completed in the Florida PALM Employee Self Service portal.

Agency payroll report PW4RYX03 (RDS ID Q**T) provides a listing of employees within your agency who have claimed **'Exempt'** status for 2026. This report will be available for Agency use by January 1, 2027. **These employees should be notified by the agency that a new Form W-4 is required for 2027.**

11. Employee Information Center Website Registration

Employees who do not have an active Form W-4 in FLAIR-PYRL by December 22, 2026, will be unable to create and establish an account on the Employee Information Center website and therefore unable to register to receive their 2026 Form W-2 electronically. A Form W-2 will be mailed to the employee if they are unable to register to receive it electronically or may be provided by agency personnel after February 1, 2027.

12. 2026 Form W-2

Registration for electronic delivery is available to all employees on the Employee Information Center (EIC) website. Employees who are not already registered must register no later than **December 31, 2026**, to receive their original form electronically.

Registered employees will receive an e-mail notification in January when their 2026 Form W-2 becomes available on the EIC website.

Original 2026 W-2 forms for employees receiving a paper form will be distributed via the U.S. Postal Service by the Department of Financial Services no later than January 31, 2027.

The agency list of W-2 forms will ONLY be available to the agencies in RDS. The list will include all W-2 forms produced and will indicate paper or electronic delivery for each employee. The RDS Form ID is U**6. RDS administrators should establish this report for all necessary personnel before December 22, 2026.

BOSP Contact Information:

Payroll Processing Section:	BOSPPayProcessing@myfloridacfo.com
Employee Records Section:	BOSPEmployeeRecords@myfloridacfo.com
Taxation Section:	BOSPTaxation@myfloridacfo.com