



BUSINESS IN 2026

WEEKLY WEBINAR SERIES



Your Host



Gabriel S. Oberfield

Member

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New York, NY

Today's Agenda

Gabe Oberfield – (12:00PM-12:10PM)

- Welcome and Agenda
- NYS Budget Negotiation Updates

Tim Bouffard – (12:10PM-12:15PM)

- The Evolving Borrower Defense to Repayment Landscape

Lyndon Hall – (12:15PM-12:20PM)

- The Qualified Tips Deduction and OBBBA: No Income Taxes on Qualified Tips

Kaydeen Maitland – (12:20PM-12:25PM)

- CMS Updates State Operations Manual – With Implications for Healthcare Providers

G. Oberfield – (12:25-12:30PM)

- Questions
- Wrap Up

What's New in Gov't and Reg Affairs

- **NYS Budget**
 - **April 1 deadline will be missed – extenders underway**
 - **Sticky issues include:**
 - **New pension class?**
 - **Pacing of environmental reforms**
 - **Only one budget bill printed**
 - **Recess set through the holidays, but Legislature could come back sooner (likelihood, unclear)**
 - **National dynamics and NYS gubernatorial election in Fall 2026 also part of the undercurrent**



NYS Gov. Kathy Hochul
Credit: <https://www.governor.ny.gov/>

The Evolving Borrower Defense to Repayment Landscape



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What Is Borrower Defense to Repayment (BDTR)?

- BDTR is a federal process allowing student borrowers to seek cancellation of federal student loans
- Claims typically allege misleading statements or institutional misconduct
- Common allegations include job placement claims, accreditation, and program quality
- If a claim is granted, loans may be forgiven and the government may seek reimbursement from the institution

The *Sweet Settlement*

- Applies to BDTR claims filed between January 1, 2015 and November 15, 2022
- Certain schools were designated for automatic loan discharge
- Other claims were subject to Department decision deadlines
- Courts denied the Department's repeated requests to extend those deadlines
 - Hundreds of thousands of claims have still not been reviewed
 - Remaining unreviewed claims result in loans automatically discharged
- Ninth Circuit recently denied motion for emergency stay

Institutions Are Seeing New BDTR Claims in 2026

- Beginning in early March, institutions began receiving new BDTR notices
- These claims were submitted after the *Sweet* settlement cutoff
 - Not covered under the *Sweet* settlement
- Notices are often sent by email and include short response deadlines of 60 days
- Several recent administrations have issued regulations to govern these claims

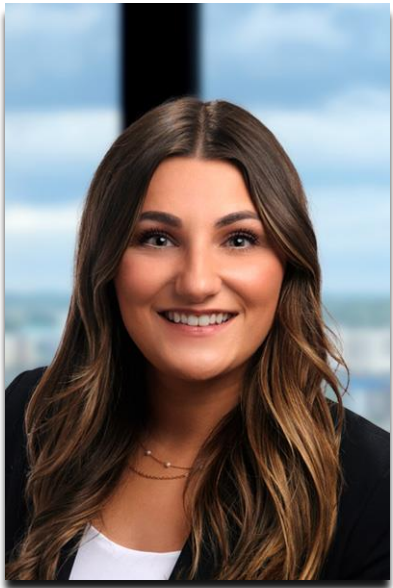
Which BDTR Rules Apply? It Depends on the Loan Date!

- The applicable regulation depends entirely on when the loan was disbursed
 - Loans before July 1, 2017 are governed by 1994 regulations
 - Loans from July 1, 2017 to July 1, 2020 are governed by 2016 regulations
 - Loans disbursed after July 1, 2020 are governed by 2019 regulations
- The 2022 regulations have been delayed by statute and will not apply until 2035
- New litigation filed March 6, 2026 challenges both the 2019 and 2022 rules

What Institutions Should Be Doing Now

- Do not ignore BDTR notices
- Track response deadlines carefully
- Identify which regulatory framework applies to each claim
- Coordinate legal, compliance, and financial aid teams
- Timely and thoughtful responses help manage institutional risk

The Qualified Tips Deduction and OBBBA: No Income Taxes on Qualified Tips



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Overview of the Qualified Tips Deduction

- For calendar years 2025 through 2028, individuals receiving “qualified tips” may be eligible to deduct their qualified tips.
- The deduction applies for income tax purposes, but not for FICA (i.e., social security and Medicare taxes).

Overview of the Qualified Tips Deduction (cont'd)

- “Qualified tips” means cash tips (including credit card and tip sharing arrangements) received by an individual in an occupation which customarily and regularly received tips on or before December 31, 2024, but does not include any amount received by an individual unless:
 - I. such amount is paid voluntarily without any consequence in the event of nonpayment, is not the subject of negotiation, and is determined by the payor,
 - II. the trade or business in the course of which the individual receives such amount is not a specified service trade or business, as defined in IRC § 199A(D)(2):
 - Any trade or business involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of 1 or more of its employees.
 - III. such other requirements as may be established in Treasury regulations or by the IRS.

Reporting Requirements and Maximum Deduction Amount

- A separate accounting of any amounts reasonably designated as cash tips and the occupation of the person receiving such tips must be reported by the employer or service recipient on IRS Form W-2, 1099-K, 1099-MISC, or 1099-NEC furnished to the individual, as applicable.
- Maximum deduction is \$25,000 for individuals.

Reporting Requirements and Maximum Deduction Amount

- Deduction phases out for taxpayers with modified adjusted gross income over \$150,000 or \$300,000 for joint filers.
- Phase out is not a cliff but a continuum. The deduction is reduced by \$100 for each \$1,000 by which the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 in the case of joint returns).
- The deduction is available for both itemizing and non-itemizing taxpayers.

Expansion of the FICA Tip Tax Credit

- The FICA tip tax credit under IRC § 45B, which allows employers to claim a credit for a portion of the employer paid social security taxes on employee cash tips, was expanded under the One Big Beautiful Bill Act (“OBBBA”) to include beauty service establishments. This expansion is important because it extended a tax benefit previously available almost exclusively to the restaurant industry.
- The IRS released Proposed Regulations in September which includes a list of occupations that customarily and regularly received tips on or before December 31, 2024.

Additional Eligibility Requirements Under IRC § 224

- No deduction is allowed under IRC § 224 unless the taxpayer includes on his or her return their social security number.
- If the taxpayer is a married individual, the deduction is only available if the taxpayer and their spouse file a joint return.
- For 2026-2028 the IRS is required to provide updated income tax withholding requirements to address the possible deduction by individuals.

Updated IRS Forms Relating to Qualified Tips

- **Form W-4 — Employee's Withholding Certificate**
 - The 2026 Form W-4 includes revisions that address, among other items, the treatment of qualified tips for withholding purposes.
- **Form W-2 — Wage and Tax Statement**
 - The 2026 Form W-2 includes two notable additions
 - **Box 12 – Code TP (Total Cash Tips Reported).**
 - A new code TP in box 12 for the total amount of cash tips reported to the employer. This amount may be used in determining the deduction for qualified tips on Schedule 1-A (Form 1040), subject to eligibility rules such as whether the employee's occupation is on Treasury's tipped-occupation list. Eligibility is indicated separately (e.g., via box 14b Treasury Tipped Occupation Code), not by the box 12 code itself.
 - **Box 14b – Treasury Tipped Occupation Code.**
 - A new box 14b, which employers should use to report the Treasury Tipped Occupation Code for the employee's tipped occupation. If the occupation code 000 is used, the employee's cash tips are not qualified tips, and should not be used to deduct the amount reported in box 12 (code TP) for qualified tips.

Updated IRS Forms Relating to Qualified Tips (cont.)

- **Form 1099-NEC — Nonemployee Compensation**

- The 2026 Form 1099-NEC adds a new box 1b to report cash tips; and a new box 1c, Treasury tipped occupation code.

- **Form 1099-K — Payment Card and Third-Party Network Transactions**

- The 2026 Form 1099-K adds a new box 1c, cash tips; and a new box 1d Treasury tipped occupation code.

CMS Updates State Operations Manual – With Implications for Healthcare Providers



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CMS Updates State Operations Manual



CMS issued QSO-26-03-NH on January 30, 2026, updating Chapters 5 and 7 of the State Operations Manual.



The updates take effect March 30, 2026.



The revisions apply directly to skilled nursing facilities and nursing facilities and cover complaint procedures, survey process, and enforcement.

Why It Matters to Providers

Chapter 5 updates focus on immediate jeopardy, off-site investigations, and abuse reporting.

Chapter 7 updates focus on definitions, staffing waivers, survey process, privacy, and enforcement.

CMS also reincorporated prior memo guidance into the manual itself.

For providers, the result is a more standardized survey and enforcement playbook.

Resident Safety and Immediate Jeopardy



Immediate jeopardy means noncompliance that has caused, or is likely to cause, serious injury, harm, impairment, or death.



Unsafe discharge is now an express immediate jeopardy example.



Serious abuse allegations with uncertainty about resident protection should also be escalated as immediate jeopardy.

Complaints, Contracts, and Reporting

Off-site investigations need advance CMS approval and are expected to be rare.

CMS cites arbitration agreements, third-party guarantees, and Medicaid-covered charges as examples for possible off-site review.

Confirmed abuse-related noncompliance must be reported to law enforcement and, when appropriate, the Medicaid Fraud Control Unit.

Provider takeaway: keep complaint, admission, and abuse-reporting records organized and ready.

Definitions That Drive Compliance

- CMS refreshed key definitions used in surveys and enforcement, including abuse, immediate family, nurse aide, resident representative, and substandard quality of care.
- Abuse now expressly includes tech-enabled verbal, sexual, physical, and mental abuse.
- The resident representative definition is broad, which matters for notices, consents, and communications.

Survey Process, Privacy, and Photos



Standard survey teams must be multidisciplinary and include an RN.



Complaint and monitoring teams may be specialized and do not always require an RN.



Surveyors must protect resident privacy during interviews and observations.



Photos may be used, but written consent and limits on identifying details apply.

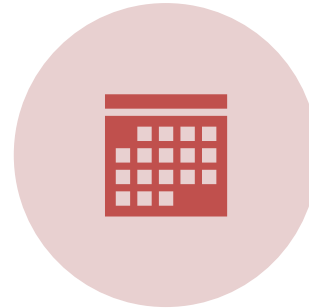
Survey Timing and Exit Conferences



SURVEYS MUST BE UNANNOUNCED AND UNPREDICTABLE.



STANDARD SURVEYS MUST RUN ON CONSECUTIVE DAYS AND INCLUDE AT LEAST FIVE CONSECUTIVE HOURS ON SITE AFTER ENTRY.



AT LEAST 10 PERCENT OF STANDARD HEALTH SURVEYS MUST BEGIN OFF-HOURS, AND HALF OF THOSE MUST BEGIN ON WEEKENDS.



EXIT CONFERENCES FOCUS ON FACTS AND CLEAR VIOLATIONS, NOT COACHING, BLAME, OR RESIDENT IDENTITIES.

Enforcement and Proving Correction

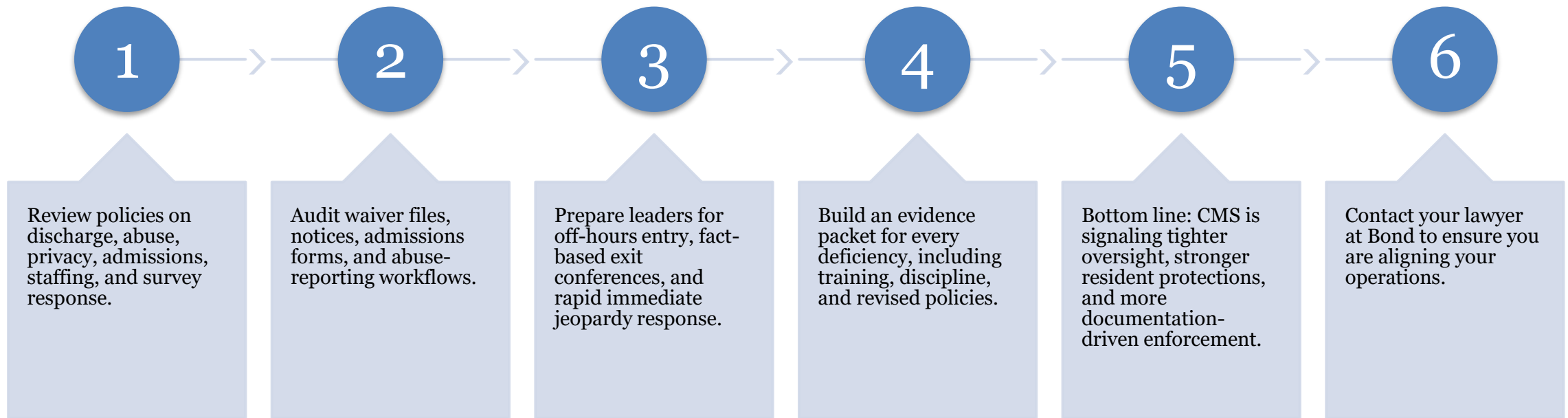
CMS formalized the scope-and-severity matrix for deficiencies.

If immediate jeopardy is found, the facility must be notified and provide a written removal plan.

CMPs may be per-day, per-instance, or both, and IDR is limited and does not pause remedies.

Plans of correction and revisit submissions must be signed, credible, and sufficient to show sustained compliance.

Practical Next Steps for Providers



Questions



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Workplace 2026

Annual Labor & Employment Law Conference

Date	Location
Thursday, June 11, 2026	Albany
Thursday, May 21, 2026	Corning
Thursday, June 25, 2026	Long Island
Thursday, June 18, 2026	New York City
Thursday, June 4, 2026	Rochester
Tuesday, June 23, 2026	Saratoga Springs
Thursday, May 28, 2026	Syracuse
Tuesday, June 9, 2026	Westchester

New Webinar Schedule (Effective April 1)

- **First Tuesday** of the Month: Legal Updates
- **Third Tuesday** of the Month: Special Edition Topic

Register for the new series by clicking this link:

<https://www.bsk.com/news-events-videos/business-in-2026-semi-monthly-webinar-series>

NYS Budget Negotiation Updates

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Sexual Harassment Prevention Training

To combat harassment in the workplace, every New York State employer must provide harassment prevention training for all employees annually.

For more information on Bond's online sexual harassment training [click here](#) or email bondonline@bsk.com

Thank You

The information in this presentation is intended as general background information.
It is not to be considered as legal advice.
Laws can change often, and information may become outdated.

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