

PAYROLL TAX DEFERRAL

The Treasury Department issued guidance on the President's memo regarding the deferral of the 6.2% employee portion of social security taxes from September 1 through December 31, 2020. Here is what we know so far:



EMPLOYER DECISION

The employer makes the decision to participate. If the employer doesn't participate, the employees can't participate.



TIMELINE

The deferral is based on pay date, not earn date and runs from September 1 - December 31, 2020.



WHICH EMPLOYEES

The relief only applies to those ON PAYROLL (not unemployed or furloughed) with bi-weekly pre-tax paycheck of less than \$4,000.



RE-PAYMENT

The repayment must be made between January 1 and April 30, 2021. Your employer will be required to withhold additional taxes and remit accordingly to catch-up.

UNANSWERED QUESTIONS:

If the employer decides to participate do all employees have to participate?

What happens if an employer participates and an employee ceases employment? Is the employer still responsible?

How do employers report this on 941's & W-2's for 2020 and 2021?

What happens if Congress ultimately forgives the taxes? If the employer opted out of the deferral, do they still get the money forgiven?

If an employer opts out today and additional guidance is issued, can the employer opt in? If so, do employers need to revert back to September 1?

