

Employers Can Defer Payroll Taxes

Article Highlights:

- Applicable Payroll Taxes
- Deferral Period
- Payback Times
- Self-Employed Individuals
- SBA Loan Forgiveness

One of the benefits included in the COVID-19 epidemic stimulus package is the ability for an employer to defer payment of the employer's share of certain federal payroll taxes. The deferral applies to the employer's 6.2% share of the Social Security (OASDI) payroll tax.

The deferral does not apply to the employer's 1.45% share of the hospital tax. The deferral is optional, applies to employers of any size and applies to wages paid between March 27, 2020 and December 31, 2020.

The deferred payments will be due 50% before December 31, 2021 and the balance before the end of 2022.

For self-employed individuals, the deferral applies to 50% of the self-employment tax liability (including any related estimated tax liability).

Employers who receive Small Business Administration loans that are forgiven under the CARES Act (so that the Federal government effectively gave the employers loan funds that they did not have to repay in order to fund as much as eight weeks of their payroll costs) are not eligible for this payroll tax deferral. However, after that eight-week period is complete, deferral may resume.

If you have questions related to deferring a portion of your payroll taxes, please give this office a call.