

Employers Can Defer Employment Tax Payments

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, [Public Law 116-136](#), passed on March 27, 2020, allows employers (and self-employed individuals) to delay paying their portion of social security payroll tax (6.2%) of employee wages up to \$137,700 (which is the 2020 Social Security wage base). The employer must pay the Medicare payroll tax portion (1.45%).

The deferral applies to deposits and payments of the employer's share of Social Security tax that would otherwise be required to be made during the period beginning on March 27, 2020 and ending December 31, 2020. (Section 2302 of the CARES Act calls this period the "payroll tax deferral period.")

The deferred deposits of the employer's share of Social Security tax must be deposited by the following dates to be treated as timely (and avoid a failure to deposit penalty):

- 50% until December 31, 2021
- Remainder until December 31, 2022

Keep in mind that the delay of payments is optional. Employers are not required to participate in the payroll tax deferral program

The Form 941, Employer's QUARTERLY Federal Tax Return, will be revised for the second calendar quarter of 2020 (April - June, 2020). Information will be provided in the near future to instruct employers how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January – March 2020). More information can be found on the IRS [website](#).

Please contact your city attorney and city auditor for guidance before making any changes.