

**From:** [Elizabeth Sullivan](#)  
**Subject:** SWWC Notice regarding Social Security Tax Deferral  
**Date:** Wednesday, September 2, 2020 9:36:53 AM  
**Attachments:** [image001.png](#)  
**Importance:** High

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*This email is being sent to all members of the SWWC distribution list.*

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Good morning SWWC!

On August 28, the IRS issued Notice 2020-65 on the deferral of employee payroll tax obligations, as originally described in President Trump's Executive Memorandum dated August 8. Consistent with section 7508A, the IRS and Treasury press releases use permissive language to describe the guidance as "allowing" deferral and "available" to employers. This means each employer gets to determine whether or not they will process employee paychecks with the tax deferral.

In essence, the current guidance allows employers to defer withholding and payment of the eligible employees' Social Security payroll taxes to the IRS until after January 1, 2021. Employers would be responsible for collecting additional Social Security payroll taxes from workers' paychecks from January 1 through April 30, 2021 to repay the deferred tax obligation. This would result in additional taxes being withheld from employees' paychecks during that period to pay back the Social Security not withheld from September 1 through December 31, 2020.

Please keep in mind that the tax is deferred - not forgiven. Since the employer has full responsibility for collecting the deferred taxes and it would be a financial burden to employees to have additional taxes withheld at the beginning of 2021, we feel it is in SWWC's and our employees' best interest not to proceed with the temporary tax deferral and subsequent tax increase. If guidance changes at the federal level, we will reevaluate at that time.

Please let me know if you have any questions.

Thanks!

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