



Employer Payroll Tax Deferral

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allows employers to defer the payment of certain payroll taxes incurred between March 27 and December 31, 2020.

The deferral applies to the employer's share of the social security portion of the Federal Insurance Contributions Act (FICA) tax as well as the employer's share of the social security portion of the Railroad Retirement Tax Act (RRTA). Additionally, self-employed individuals can defer half of their Self-Employed Contributions Act (SECA) tax liability.

The deferral does not apply to federal income tax withholding, the employer or employee portion of the Medicare tax, or the employee portion of the social security tax.

When are the Deferred Taxes Due?

The deferred tax payments will be considered timely paid if 50% of the deferred amount is paid by December 31, 2021, and the remaining 50% is paid by December 31, 2022.

What is an Eligible Employer?

All employers, including nonprofits, are eligible for the deferral.

Deferral Rules

If an employer designates an agent or directs a certified professional employer organization (CPEO) to defer the applicable tax payments, the employer is solely liable for ensuring the taxes are paid by the deferral date.

Interaction with SBA Loans

Employers are ineligible for the deferral if they have debt forgiven under the Payroll Protection Program.

Additional Resources

[IRS Notice 2020-22: Relief from Penalty for Failure to Deposit Employment Taxes](#)