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A Message from our President

April 15, 2020

Ref. IRS Guidance - Social Security Deferrals

Dear Clients,

The Internal Revenue Service (IRS) has published the following guidance on Section 2302 of the CARES Act, which provides that employers may defer the employer's portion of social security taxes payments (as detailed below) even if the employer applied for PPP Loan. However, once an employer receives a decision from its lender that its PPP loan is forgiven, the employer is no longer eligible to continue deferring Social Security tax deposit and payments.

"Can an employer that has applied for and received a PPP loan that is not yet forgiven defer deposit and payment of the employer's share of social security tax without incurring failure to deposit and failure to pay penalties?"

"Yes. Employers who have received a PPP loan, but whose loan has not yet been forgiven, may defer deposit and payment of the employer's share of social security tax that otherwise would be required to be made beginning on March 27, 2020, through the date the lender issues a decision to forgive the loan in accordance with paragraph (g) of section 1106 of the CARES Act, without incurring failure to deposit and failure to pay penalties. Once an employer receives a decision from its lender that its PPP loan is forgiven, the employer is no longer eligible to defer deposit and payment of the employer's share of social security tax due after that date. However, the amount of the deposit and payment of the employer's share of social security tax that was deferred through the date that the PPP loan is forgiven continues to be deferred and will be due on the "applicable dates," as described in FAQs 7 and 8."

If you are interested in deferring the employer portion of the social security tax payments as dictated by this Internal Revenue Service (IRS) guidance, please contact your Human Resources or Payroll Representative.

To read all FAQ's published in this IRS guidance, please [click here](#).

Sincerely,

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PS – Please visit our [COVID-19 Response Page](#) to see a consolidated list of our communications and resources in one place.