

On Saturday, August 8, 2020, the President issued an executive memorandum regarding a payroll tax delay. The memorandum directs the Secretary of the Treasury to implement a delay of certain employees' obligations to pay Social Security taxes. The payroll tax provision requires guidance to be issued by the Department of Treasury. Until that guidance is issued, many of the details are unknown.

Below is a summary of the key provisions of the memorandum:

- The memorandum applies to the period September 1, 2020, through December 31, 2020.
- It is unclear whether you (as the employer) are required to take advantage of the delay.
- The memorandum does not address what the employer should do if she or he decides to continue withholding payroll taxes.
- The memorandum only applies to the 6.2 percent Social Security tax on employees.
- There is no relief with respect to the employers' withholding obligation.
- The memorandum only applies to employees generally earning less than \$104,000 annually.
- The memorandum only provides a **delay** of the tax obligation, **not forgiveness**.
- No penalties or interest will apply to those who use the delay.
- At this time, it appears that if the tax delay is implemented at your company, and should an employee leave your employ prior to the date when the taxes should be repaid, you could be liable for those taxes.

It is important to keep in mind that Congress and the Trump Administration are still negotiating on a potential COVID-19 relief measure, and that a compromise bill could supersede the President's actions.

As this situation becomes clearer, Simploy will update you on what to expect and what actions to take.