

CARES ACT – SEC. 2302 PAYROLL DEFERRAL – QUICK REFERENCE

In General

The CARES Act allows all employers to defer remitting Social Security taxes accrued through 12/31/20. Deferred taxes are due 50% by 12/31/21 and remaining 50% by 12/31/22. No deferral or postponement is provided for filing of Forms 941.

Medicare taxes and the Employee portions of payroll taxes are still due.

Details

- Employers do not have to pay Social Security tax¹ on employee wages paid from the date the CARES Act is enacted through December 31st, 2020.
 - Self-employed individuals only need to pay 50% of such tax.²
 - Medicare taxes are still due.
 - Forms 941 still need to be filed.
- Deferred taxes are due 50% by 12/31/21 with the remainder due 12/31/22
 - Employers are treated as having timely made all deposits of Social Security tax if deferred taxes are paid by these deadlines.
- Recipients of a Paycheck Protection Program loan who have their loan forgiven are eligible to defer payroll taxes.³

¹ Certain Railroad Retirement Act taxes also do not need to be paid.

² The portion of SS tax not paid is ignored for purposes of calculating the estimated tax underpayment penalty.

³ Prior to the passage of H.R. 7010, employers could not defer payroll taxes beyond the date they received forgiveness for a PPP loan.