

## Deferral of Employer Social Security taxes (CARES Act, Section 2302)

Beginning April 2020, all employers may elect to *defer* payment of the 6.2% employer Social Security tax through December 31, 2020. Deferred tax amounts would be paid in equal amounts over two years, with payments due on December 31, 2021 and December 31, 2022.

However, there are other tax credit and loan programs that may offer greater benefits to employers than a tax payment deferral, including the following:

- New Paid Sick/Family Leave Credit (FFRCA Sections 7001 & 7003), or
- New Employee Retention Credit (CARES Act Section 2301)
- New Payroll Protection Program loans (CARES Act Section 1102)
- Small Business Research Credit (§ 41(h) of the Internal Revenue Code (IRC)),
- Qualified Veterans Credit (§ 51 of the IRC), and
- Employer Credit for Paid Family and Medical Leave (§ 45S of the IRC)

### Restrictions

- Deferral is not available to employers receiving assistance through the Paycheck Protection Program ("PPP") (Section 1102 of the CARES Act, summarized below.)

Further, although some of the options explained below may be available *in addition to* deferring employer Social Security tax, the tax credits covered below generally apply to employer Social Security taxes, potentially reducing or even eliminating such taxes for the balance of 2020.

As a *deferral*, these taxes will become collectible by the IRS starting in December 2021. Employers should keep careful track of amounts accrued and be prepared to pay the amounts when due.