



The 8/8/2020 Executive Order to Defer Payroll Taxes



On August 8, 2020, President Trump signed an executive order directing the Secretary of the Treasury to permit employers to defer certain payroll tax obligations in order to provide additional economic relief during the COVID-19 pandemic.

This payroll tax deferral applies to employee wages paid between September 1st and December 31st of 2020 and only for employees who make less than \$4,000 during any bi-weekly pay period. The \$4,000 bi-weekly limit equates to \$104,000 in annual compensation.

The deferral applies to the withholding, deposit, and payment of the employees 6.2% social security tax. It does not apply to the employees 1.45% medicare tax.

The order provides that the amounts deferred will not be subject to interest or penalties.

This new payroll tax deferral is separate from the CARES Act provision that allows for the deferral of the employer's portion of the payroll tax.

Also, it is important to note that this is a deferral and not a forgiveness of the payroll taxes, so plans must be in place to pay the taxes at a later date.

While the order raises many questions for employers, we expect further guidance to be issued by the Department of Treasury relatively soon.



Final Thoughts

If you have any questions or would like to discuss how this order or the CARES Act applies to your specific situation, please contact our office.



About Insero & Co.

Companies focused on growth have sought the help of Insero & Co. for more than 40 years. During that time they have consistently experienced the peace of mind that comes from knowing their CPA firm takes the concept of integrity seriously.

This commitment to quiet integrity means you won't see a lot of flashy billboards or stadium advertisements for our firm, but you will see the face of your client service partner regularly - not just during tax time. That's one of the differences you'll experience with Insero. Our firm invests heavily in client service - defining it, articulating what it means, and conducting training with everyone in the firm on how to deliver it. All this is to ensure every person in our firm understands what it means to deliver on our promise of The Highest Standard.

Is there a better way to show clients how much we care? We don't believe so. Is there a better way to help our clients succeed? No way. Is this different from what you find at other CPA firms? Absolutely. Whether you're the owner of a small business, an executive at a traditional middle market company, a stakeholder at a large publicly-traded entity, or an employee of a government or nonprofit agency, you can count on us to not only meet your company's basic compliance needs, but to provide proactive ideas and suggestions to help you meet your business objectives.



Insero & Co.
Crossroads Building
2 State Street, Suite 300
Rochester, NY 14614



(585) 454-6996



info@inserocpa.com



www.inserocpa.com

