

President Trump Signs Order to Defer Certain Payroll Taxes for Remainder of 2020

August 10, 2020

President Trump recently signed an executive order that defers the employee's portion of certain payroll taxes from the pay periods of September 1, 2020, until December 31, 2020. This allows for many employees to defer from Social Security taxes, and it instructs the Secretary of the Treasury to explore various avenues for possibly eliminating the obligation to pay back the deferred taxes.

This executive order allows Treasury Secretary Mnuchin to defer withholding, deposit, and payment of the 6.2% tax for old-age, survivors and disability insurance that is provided under the Social Security Tax, as well as the Railroad Retirement Tax.

The tax deferral is available to employees whose wages or compensation payable during any biweekly pay period generally is less than \$4,000, calculated on a pretax basis, or the equivalent amount with respect to other pay periods. The applicable tax amounts will be deferred without any penalties, interest, additional amount, or addition to the tax.