TO: Barsamian & Moody Clients
FROM: Barsamian & Moody, PC
DATE: September 8, 2020
RE: UPDATE - Guidance for Implementation and Compliance with Presidential Memorandum Deferring Employee Social Security Tax Withholding

On August 4, 2020, our office provided guidance regarding the implementation and compliance with the President’s recent directive allowing the deferral of employee social security payroll tax withholding due to COVID-19. The IRS has now issued additional guidance clarifying whether this program is mandatory or voluntary, so we are providing a brief update.

Is the program optional or mandatory for the employer?

The IRS has confirmed that this program is optional. The IRS has further clarified that it is the employer who decides whether to participate in the tax deferral program. Because it is the employer who retains the discretion to participate the program, or not, the employer also can choose the degree to which its employees are involved in the employer’s decision to implement deferrals. If an employer elects to implement the Employee Social Security Tax Withholding Deferral Program, it is advised that the employee be provided with notice due to the significant tax burden and reduced net income the employee will experience during the first four months of 2021 absent government forgiveness of the deferred taxes. Attachment A to our September 4, 2020 Memorandum can be used for that purpose if you decide to participate.

Please note that Barsamian & Moody are not tax professionals and do not provide tax or accounting services. Please consult your accountant and/or tax advisor to ensure proper compliance with tax obligations.