

CARES Act – Deferral of Employer Payroll Taxes



ARTICLE 04.02.20 DEAN DORTON

What are the basics?

Employers and self-employed individuals can defer payment of the employer share of Social Security taxes payable for all reporting periods through the end of 2020.

Are there limitations?

The deferred tax liability is due in two installments: (1) 50% of the deferred liability is due December 31, 2021; and (2) 50% of the deferred liability is due December 31, 2022.

Who is eligible?

Generally, all employers are eligible for payroll tax deferral. However, employers who receive loan forgiveness from the Small Business Administration under the CARES Act are not eligible.

When does it take effect?

The payroll tax deferral period begins on March 27, 2020 (the date of enactment of the CARES Act) and ends on December 31, 2020.