

# **Cares Act: Guidance on Employment Tax Deferrals - Employer's Portion of Social Security Taxes May Be Deferred**

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The Internal Revenue Service has issued guidance on employers deferring the payment of the employer's portion of social security taxes and certain railroad retirement taxes. All employers, except those with a forgiven loan under the Paycheck Protection Program (PPP), may defer the payment of these taxes incurred beginning on March 27, 2020 through December 31, 2020.

Employers who have received a PPP loan, but whose loan has not yet been forgiven, may defer the payment of these taxes incurred beginning on March 27, 2020 through the date the lender issues a decision to forgive the PPP loan. Once a loan forgiveness decision is received, employers may no longer defer the payment of these taxes due after the date the loan is forgiven, but any payments deferred prior to the loan forgiveness date will continue to be deferred.

In any case, deferred tax payments must be paid over a two-year period in order to be treated as timely, with half due by December 31, 2021 and the other half due by December 31, 2022.

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