

# Deferral of employment tax deposits and payments

April 24, 2020

On March 27, 2020, President Trump signed into law the Coronavirus, Aid, Relief and Economic Security Act (CARES Act), which provides fast and direct economic assistance for American workers and families, small businesses, and preserves jobs for American industries.



**Julio Villegas**  
Audit Partner and  
Head of Outsourcing

T (1) 787 754 1915  
E julio.villegas@pr.gt.com

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One of the dispositions of the CARES Act is that it allows employers to defer the deposit and payment of the employer's share of social security taxes and self-employed individuals to defer payment of certain self-employment taxes. The IRS has issued a publication of FAQs as a guide for employers to identify if they are eligible to the deferral of employment tax deposits.

The deferral applies to deposits and payments of the employer's share of social security tax that would otherwise be required to be made during the period from March 27, 2020 through December 31, 2020.

The Form 941, Employer's Quarterly Federal Tax Return, will be revised for the second calendar quarter of 2020 (April – June). Information will be provided to instruct employers how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January – March 2020).

All employers may defer the deposit and payment of employer's share of social security tax. However, employers that receive a loan under the Small Business Administration Act, as provided in section 1102 of the CARES Act (The Paycheck Protection Program "PPP"), may not defer the deposit and payment of the employer's share of social security tax due on or after the date that the PPP loan is forgiven under the CARES Act.



The deferred deposits of the employer's share of Social Security tax must be deposited by the following dates to be treated as timely and to avoid the failure to deposit penalty:

- On December 31, 2021, 50% of the deferred amount; and
- On December 31, 2022, the remaining amount.

We will continue to keep you updated with this or any other payroll accounting matters as they become available.

Link – IRS FAQ's:

[Deferral of employment tax deposits and payments through December 31, 2020](#)

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