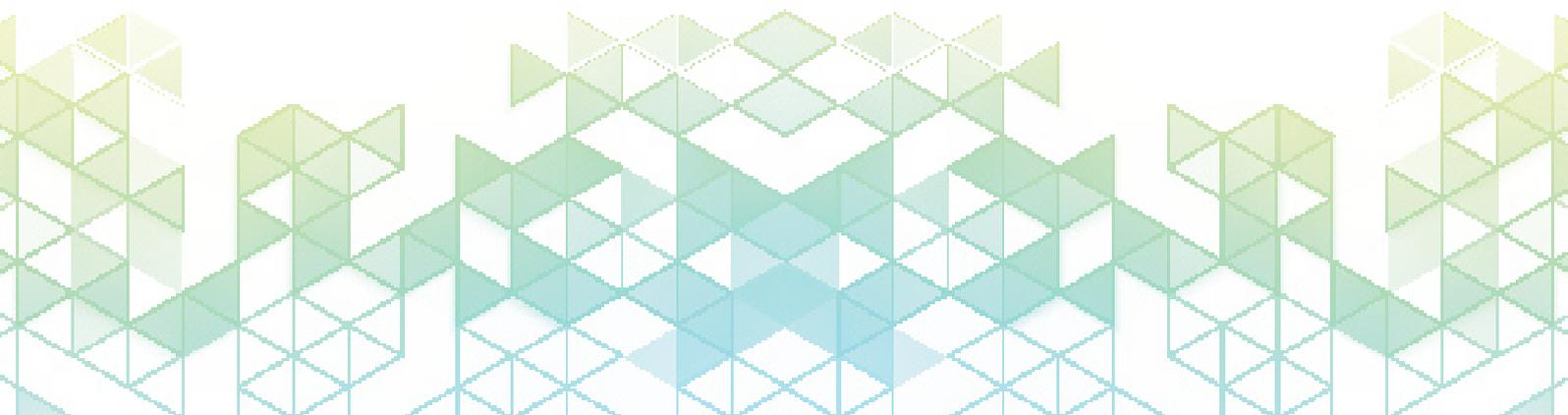




Johnson & Sheldon, PLLC
Certified Public Accountants



The 8/8/2020 Executive Order to Defer Payroll Taxes



On August 8, 2020, President Trump signed an executive order directing the Secretary of the Treasury to permit employers to defer certain payroll tax obligations in order to provide additional economic relief during the COVID-19 pandemic.

This payroll tax deferral applies to employee wages paid between September 1st and December 31st of 2020 and only for employees who make less than \$4,000 during any bi-weekly pay period. The \$4,000 bi-weekly limit equates to \$104,000 in annual compensation.

The deferral applies to the withholding, deposit, and payment of the employees 6.2% social security tax. It does not apply to the employees 1.45% medicare tax.

The order provides that the amounts deferred will not be subject to interest or penalties.

This new payroll tax deferral is separate from the CARES Act provision that allows for the deferral of the employer's portion of the payroll tax.

Also, it is important to note that this is a deferral and not a forgiveness of the payroll taxes, so plans must be in place to pay the taxes at a later date.

While the order raises many questions for employers, we expect further guidance to be issued by the Department of Treasury relatively soon.



Final Thoughts

If you have any questions or would like to discuss how this order or the CARES Act applies to your specific situation, please contact our office.



About Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC is professional corporation that has established itself as one of the leading, aggressive accounting and consulting firms in the Panhandle Region of Texas. Our clients have been relying on the experience and guidance of our partners, Terry Sheldon , Richard Blankenship and Jeff Joyce for over 30 years. Located in Amarillo, Johnson & Sheldon's client base consists of small to medium size mostly privately-owned business and organizations. J&S is a member of the RSM US Alliance, the nation's fastest growing association of independent accounting firms. Through our affiliation with this network, Johnson & Sheldon, PLLC can offer the pooled expertise and resources of the RSM US Alliance, as well as other network members.



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