

## Coronavirus Aid, Relief and Economic Security (CARES) Act

On March 27, 2020 President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act, a piece of legislation aimed at providing a massive stimulus to workplaces and employees alike.

### Payroll Tax “Holiday”

In order to assist employers with immediate cash-flow issues, the CARES Act provides that employers may defer payment of their portion of Social Security taxes they would otherwise be obligated to pay. Any deferred payroll taxes would be required to be paid over the next two years – with half of the owed amount being required to be paid by December 31, 2021, and the remaining half by December 31, 2022. This payroll tax “holiday” may provide additional assistance to employers during this period of crisis.

### Tax Deferral and Paycheck Protection Loan

Employers that receive a Paycheck Protection Program (PPP) loan under the CARES Act may not defer the deposit and payment of the employer’s share of social security tax due on or after the date the PPP loan is forgiven under the CARES Act.

Employers who have received a PPP loan, but whose loan has not yet been forgiven, may defer deposit and payment of the employer’s share of social security tax that otherwise would be required to be made beginning on March 27, 2020 through the date the lender issues a decision to forgive the loan, without incurring failure to deposit and failure to pay penalties. Once an employer receives a decision from its lender that its PPP loan is forgiven, the employer is no longer eligible to defer deposit and payment of the employer’s share of social security tax after that date. However, the amount of the deposit and payment of the employer’s share of social security tax that was deferred through the date that the PPP loan is forgiven continues to be deferred and will be due on

1. 50% of the deferred amount on December 31, 2021; and
2. 50% of the remaining amount on December 31, 2022.

### Electing Social Security Deferrals

The IRS does not require employers to make a special election to be able to defer deposits and payments of the employer’s portion of social security taxes.

Jeff Andrews - [jandrews@spirithr.com](mailto:jandrews@spirithr.com) - 813.431.4638 - [www.spirithr.com](http://www.spirithr.com)