

## **Payroll Tax Deferral Information**

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The IRS has issued guidance on the payroll tax deferral that was ordered in a presidential memorandum on Aug. 8, 2020. Because the MPLA Executive Secretary's salary falls within the guidelines, withholding of payroll taxes during the last four months of 2020 may be deferred. Employer would then be required to withhold and pay back the deferred taxes during the first four months of 2021. Interest, penalties, and additions to tax would begin to accrue on unpaid taxes starting May 1, 2021. Other MPLA contract employees are not affected.

The program is non-binding. Employers do not have to do this and many are choosing not to.

I would propose that MPLA not participate in the payroll tax deferral program. This would mean that MPLA would continue to withhold payroll taxes for the Executive Secretary's quarterly salary as has been done previously.

Because 2020 is the year MPLA's accounting will have an audit by a CPA it will be important to have an official board decision on how to proceed.

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### Information Links:

Executive Order; <https://www.whitehouse.gov/presidential-actions/memorandum-deferring-payroll-tax-obligations-light-ongoing-covid-19-disaster/>

IRS Guidance: <https://www.irs.gov/pub/irs-drop/n-20-65.pdf> Journal of Tax Accountancy: <https://www.journalofaccountancy.com/news/2020/aug/irs-payroll-tax-deferral-guidance.html>

Journal of Tax Accountancy: <https://www.journalofaccountancy.com/news/2020/aug/irs-payroll-tax-deferral-guidance.html>

Forbes Article: : <https://www.forbes.com/sites/shaharziv/2020/08/28/treasury-finally-issues-guidance-on-trumps-payroll-tax-deferral-holiday-effect-social-security-defund-unclearmemo/#c9566955c8fb>.