

Three Steps to Qualify for Deferred Payroll and Self-Employment Tax Payments

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows employers to delay payment of employer payroll taxes to help increase cash flow/liquidity in calendar year 2020.

Step 1. Am I a qualifying employer? If either of these applies, you are eligible.

- Do I pay FICA tax on my payroll wages for myself and/or my employees?
- Do I pay self-employment tax on my business profits?



If you received a Payroll Protection Program loan and any of those loan proceeds were forgiven, you are not eligible for payroll/self-employment tax deferral.

Step 2. Which wages or self-employment profits apply? Both can apply.

- The employer half (6.2 percent) of the 12.4 percent Social Security payroll tax on wages paid from March 27, 2020 to the end of the calendar year.
- One half of the 12.4 percent Social Security payroll tax employer equivalent amount in the self-employment tax, earned on profits from March 27, 2020 to the end of the calendar year.
- For employers that pay these amounts using the Electronic Federal Tax Payment System (EFTPS) tax payment service, simply adjust the amounts before your next payroll.
- This is effectively an interest-free loan from the government.
- During the deferral period, an employer will be treated as having timely made all deposits of payroll taxes if pays the amount due in time (see below).



Step 3. When are the deferred taxes due?

- Half of the payroll tax deferral and/or self-employment tax deferral is due on December 31, 2021.
- The remainder of the payroll tax deferral and/or self-employment tax deferral is due on December 31, 2022.

