

DC Tax Flash: IRS Issues Guidance On Deferring Payroll Taxes

Tax Alert

08.28.2020

The Internal Revenue Service (IRS) today issued [Notice 2020-65](#), which provides broad guidance on the [president's directive](#) to defer withholding of certain payroll taxes on wages paid from September 1, 2020 through December 31, 2020.

"The employee Social Security tax deferral may apply to payments of taxable wages to an employee that are less than \$4,000 during a bi-weekly pay period, with each pay period considered separately," the IRS explains. "No deferral is available for any payment to an employee of taxable wages of \$4,000 or above for a bi-weekly pay period."

The guidance explains that an affected taxpayer must withhold and pay the total taxes deferred "ratably from wages and compensation paid between January 1, 2021 and April 30, 2021 or interest, penalties, and additions to tax will begin to accrue on May 1, 2021, with respect to any unpaid Applicable Taxes. If necessary, the Affected Taxpayer may make arrangements to otherwise collect the total Applicable Taxes from the employee."

- [Three-page text of Notice 2020-65](#)
- [IRS press release](#)
- [Treasury Department press release](#)

Miller & Chevalier Coronavirus Task Force

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COVID-19 Resource Library

We also maintain a resource library of [legislative responses](#) and [regulatory guidance](#) related to COVID-19.

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