



SOCIAL SECURITY Collection of Payroll Tax Deferral

For employees who had Social Security taxes deferred between September and December 2020, the collection will take place January through April 30, 2021.



BACKGROUND

Pursuant to IRS Notice 2020-65 and at the direction of the Office of Management and Budget and Office of Personnel Management, Social Security (Old Age, Survivors, and Disability Insurance) or “OASDI” tax withholdings were temporarily deferred from September through December 2020 and will be collected from wages paid between **January 1, 2021 and April 30, 2021**, for employees who had wages subject to OASDI of less than \$4,000 in any given pay period. These actions were in response to the Presidential Memorandum issued on August 8, 2020.

KEY FACTS

- Per IRS guidance, the deferred taxes will be collected from your wages between **January and April 30, 2021**.
 - The total 2020 deferred taxes will be collected in **8 installments** beginning pay period ending January 16 through April 24, 2021.
- Beginning in January 2021, your myPay LES Remarks section will include the 2020 deferred OASDI collection amount as well as your remaining balance to be collected.
- The amount of OASDI deferred in 2020 can be calculated using your final 2020 LES and subtracting the OASDI year-to-date (deductions tab) from the OASDI year-to-date (benefits tab).
- If you separate, you will be responsible for any remaining unpaid portion of your deferred Social Security tax that cannot be collected prior to separation. The unpaid balance will either be collected from your final pay or you may receive a debt letter with instructions for repayment.
- Your 2020 W-2 will be issued in January.
 - Per IRS guidance, a Form W-2c (Corrected Wages and Tax Statement) will be issued after April 30, 2021 for employees who have 2020 deferred Social Security taxes collected from wages during 2021. Note, a Form W-2c may not be required for employees who separated in 2020.
 - **The issuance of this W-2c does not change the deadlines established by the IRS for filing your 2020 income tax returns.**

If you have questions on tax filing, the IRS provided instructions for employees receiving a W-2c due to the Social Security tax deferral. See W-2 Reporting link below.

ADDITIONAL RESOURCES

If you have questions on the collection process:

- Visit the IRS page:
 - Tax Deferral Implementation: <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>
 - W-2 Reporting: <https://www.irs.gov/forms-pubs/form-w-2-reporting-of-employee-social-security-tax-deferred-under-notice-2020-65>
- Visit the DFAS page: <https://www.dfas.mil/taxes/Social-Security-Deferral>

For more information on impacts of the payroll deferral, consult with a private financial advisor.