

To: Montgomery College Community

From: Sophia Mason, Director, HR Business Services
Office of Human Resources and Strategic Talent Management

Subject: **Social Security Tax Deferral**

Date: September 15, 2020

The Department of Treasury and the Internal Revenue Service recently issued guidance in response to President Trump's memorandum dated August 8, 2020 allowing employers to defer withholding and payment of the employee's portion of the Social Security tax if the employee's wages are below \$4,000 during a bi-weekly pay period, or less than an annualized salary of \$104,000, with each pay period considered separately. [Notice 2020-65](#) makes relief available for wages paid starting September 1, 2020, through December 31, 2020, which merely postpones the time for employers to withhold and pay employee Social Security taxes.

Since the Presidential memo allows for a tax deferment and is not a permanent tax exemption, employees and employers would be required to pay the taxes back at a later date if Congress does not move to make it permanent. Once the deferment ends, employees and employers would be responsible for repaying the deferred taxes in addition to the regular taxes for the applicable period that the tax withholding resumes, essentially creating a scenario where employees experience a double-tax deduction.

As such, and in line with other local community colleges, Montgomery College will not defer any Social Security taxes per the Presidential memo at this time as it would create an undue hardship on employees when the tax deferment ends and the deferred taxes become due. If Congress acts and the deferment changes to permanent tax forgiveness, then we will revisit this issue at that time.

Please contact [me](#) or [Jacqueline Williams](#), payroll manager, should you have any questions.