PSATS Daily COVID-19 News
Thursday, September 3, 2020

Clarification on Payroll Tax Deferral
The Q&As below provide the latest clarification on the presidential memorandum authorizing the deferral of payments of the employee portion of Social Security taxes.

Q: Must townships participate in the deferral?
A: It is our understanding that the deferral is optional for employers. The press release from the IRS states that the guidance is implementing the presidential memorandum “allowing employers to defer withholding and payment of the employee’s portion of the Social Security tax if the employee’s wages are below a certain amount.” The guidance does not require the deferral.

Q: If the township decides to implement the deferral, may we provide our employees with the option to participate?
A: Yes, employees must be given the option to participate if employer decides to offer.

Q: If our township decides to implement the deferral, does this mean that we won’t need to pay these taxes to the IRS?
A: No. It is only a delay, and the taxes must be withheld beginning in January 2021 and be submitted to the IRS no later than April 30, 2021.

Q: Does the deferral apply to the employee portion of Social Security tax withholding for all employees?
A: No. It only applies to those employees who make less than $4,000 for any biweekly pay period between September 1 and December 31, 2020. It is determined whether deferment applies based on each payroll period.

Q: Who is responsible for making sure that the taxes are submitted by April 30?
A: The employer. The employer may arrange for repayment with the employee, particularly if an employee would leave employment with the township before the deferred tax is repaid. If the employer fails to repay the taxes, it will face penalties for any unpaid deferred taxes as of May 1, 2021.

Q: Does this mean that more taxes will need to be withheld from employee wages in 2021?
A: Yes, if your township implements the deferral, affected employees will need additional withholding in 2021, which could be at 12.4 percent for Social Security if the employee makes the same amount in 2021 as in 2020.

Q: What if an employee works full-time this year and only part-time next year or takes medical leave?
A: The township must withhold and pay over the deferred taxes or reimburse the township for this cost. If not, the township will be responsible for paying these taxes out of township funds.

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State Police Liquor Control Officers Issue Violation Notices and Warnings
Pennsylvania State Police liquor control enforcement officers visited 3,496 licensed liquor establishments from Wednesday, August 26, through Tuesday, September 1, to ensure that businesses are abiding by COVID-19 mitigation requirements that include social distancing, masking, and other health and safety requirements of the Liquor Code.

Officers issued 58 warnings and 20 violations for failing to follow COVID-19 requirements during this time frame. That brings the total violation count to 79 over the last 63 days (about 1.25 per day statewide). To view a summary of the number of checks and warnings issued by enforcement officers since July 1, click here and scroll down.