



Quick Payroll Note President Trump Executive Order

As most of you have heard, President Trump signed an Executive Order that goes into effect September 1, 2020. This order defers the collection of employee social security (6.20%) payroll taxes until December 31, 2020 for those earning \$2,000 per week or less.

Unfortunately, the order is very short on details so it causes many questions.

- 1) Since it is only a deferral at this point, when will the taxes be due?**
- 2) Can employees opt out of having their payroll taxes turned off or is it an automatic process? Many employees would prefer to go ahead and have the taxes continue to be deducted especially if they will become due soon.**
- 3) How will bonus checks, commissions, etc... be handled with regard to the \$2,000 thresh hold? If an employee averages less than \$2,000 per week but the company decides to issue a bonus or any other compensation that will put the employee above that thresh hold for that one period, does it automatically turn back on for the amount above \$2,000? Could a one time bonus/comm./etc.. cause an employee to completely lose this deferral for that one pay period? remaining pay periods?**
- 4) Social Security Taxes – the employee and the employer both pay 6.20% into taxes that go toward funding Social Security. Will this decision put those entities at risk? Will it have any negative impact on those receiving Social Security payments now or in the future?**
- 5) The employer is responsible for paying 6.20% towards social security and they are also responsible for collecting the employee's share. Since this is a legal responsibility it becomes very concerning. Will the responsibility remain with the employer or shift to the employee?**

We are watching this situation closely and will send out further information as soon as we receive it. Hopefully, additional clarity will be coming soon.

Thank You!

Your Staff @ ELM