



RAVEN A. HERRON  
& COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



# The 8/8/2020 Executive Order to Defer Payroll Taxes



On August 8, 2020, President Trump signed an executive order directing the Secretary of the Treasury to permit employers to defer certain payroll tax obligations in order to provide additional economic relief during the COVID-19 pandemic.

This payroll tax deferral applies to employee wages paid between September 1st and December 31st of 2020 and only for employees who make less than \$4,000 during any bi-weekly pay period. The \$4,000 bi-weekly limit equates to \$104,000 in annual compensation.

The deferral applies to the withholding, deposit, and payment of the employees 6.2% social security tax. It does not apply to the employees 1.45% medicare tax.

The order provides that the amounts deferred will not be subject to interest or penalties.

This new payroll tax deferral is separate from the CARES Act provision that allows for the deferral of the employer's portion of the payroll tax.

Also, it is important to note that this is a deferral and not a forgiveness of the payroll taxes, so plans must be in place to pay the taxes at a later date.

While the order raises many questions for employers, we expect further guidance to be issued by the Department of Treasury relatively soon.



# Final Thoughts

If you have any questions or would like to discuss how this order or the CARES Act applies to your specific situation, please contact our office.



# About us

At Raven A. Herron & Company we perform many different types of accounting and tax services to meet the needs of both individuals and business owners. We understand the importance of having a well organized, knowledgeable team guide you through the ever-changing economic landscape.

Our team of professionals have become known for providing expert analysis and excellent customer service. Additionally, our service offerings are supported by the industry's latest technologies, providing more customized services and giving you greater access to the pertinent financial information you need to make well-informed decisions.

Contact Raven A. Herron & Company whenever you find you need more than just an accountant, but a partner who takes pride in watching you succeed.



Raven A. Herron & Company, PC

110 Par Three Court

PO Box 4237

Horseshoe Bay, TX 78657



830-598-5300



[info@ravenherroncpa.com](mailto:info@ravenherroncpa.com)



[www.ravenherroncpa.com](http://www.ravenherroncpa.com)

