



## Client Alert: IRS Releases Additional Guidance for CARES Act Payroll Deferrals

The Internal Revenue Service (“IRS”) issued new guidance today, April 10, 2020, on an employer’s ability to defer its share of Social Security taxes under the recently-enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The new guidance is provided as FAQs (available [here](#)).

Hill Ward Henderson previously issued a Client Alert summarizing some of the key provisions of the CARES Act (available [here](#)). As discussed in this prior Client Alert, the CARES Act allows employers to defer payment of the employer’s share of the 6.2% Social Security tax on wages paid beginning on March 27, 2020 and ending on December 31, 2020 (“Qualified SSI Taxes”). The deferred Qualified SSI Taxes are payable in two installments, with 50% of such taxes being due on December 31, 2021, and the remainder due on December 31, 2022.

As noted in our prior Client Alert, an employer is not eligible to defer Qualified SSI Taxes where the employer has a covered loan *forgiven* as part of the Paycheck Protection Program enacted in the CARES Act (a “PPP Loan”). Prior to issuance of the FAQs today, there was uncertainty on how the deferral would apply when an employer received a PPP Loan that was later forgiven.

This new guidance confirms three important points:

- First, an employer that receives a PPP Loan may defer Qualified SSI Taxes until the PPP Loan is forgiven.
- Second, once the PPP Loan is forgiven (i.e., “the date the lender issues a decision to forgive the loan in accordance with the [CARES Act]”), the employer must stop deferring additional Qualified SSI Taxes with respect to any taxes required to be deposited with the IRS after the forgiveness date.
- Finally, for Qualified SSI Taxes previously deferred (i.e., the due date for the deposit was prior to the forgiveness date), the employer may continue to defer those taxes until the applicable deferred dates specified above (i.e., 50% being due on December 31, 2021, and the remainder due on December 31, 2022).

**If you have any questions regarding the contents of this Client Alert  
or the CARES Act, please contact:**



**Prestin Weidner**  
[prestin.weidner@hwlaw.com](mailto:prestin.weidner@hwlaw.com)  
813.222.3122



**Justin Wallace**  
[justin.wallace@hwlaw.com](mailto:justin.wallace@hwlaw.com)  
813.506.5137

Disclaimer: This newsletter was created by Hill Ward Henderson for informational purposes only. It discusses legal developments and should not be regarded as legal advice for specific situations. Those who read this information should not act upon it without seeking legal advice. Neither prior results described herein, nor any other representations contained herein guarantee a similar outcome.