



# SOCIAL SECURITY Collection of Payroll Tax Deferral

**For employees who had Social Security taxes deferred between September and December 2020, the collection will take place January through December 2021.**



## BACKGROUND

Pursuant to IRS Notice 2020-65, as modified by Notice 2021-11 and at the direction of the Office of Management and Budget and Office of Personnel Management, Social Security (Old Age, Survivors, and Disability Insurance) or “OASDI” tax withholdings were temporarily deferred from September through December 2020 and will be collected from wages paid between **January and December 31, 2021**, for employees who had wages subject to OASDI of less than \$4,000 in any given pay period. These actions were in response to the Presidential Memorandum issued on August 8, 2020.

## KEY FACTS

- Per IRS guidance (as modified by the Consolidated Appropriations Act, 2021), the deferred taxes will be collected from your wages between January and December 2021.
  - The total 2020 deferred taxes will be collected in **24 installments** between pay-period ending **January 16 and December 4, 2021**. In some specific cases, Social Security taxes deferred in 2021 will be collected into pay period December 18, 2021.
- Beginning in January 2021, your myPay LES Remarks section will include the 2020 deferred collection amount as well as your remaining balance to be collected.
- The amount of OASDI deferred in 2020 can be calculated using your final 2020 LES and subtracting the OASDI year-to-date (deductions tab) from the OASDI year-to-date (benefits tab).
- If you separate or retire in 2021, before the deferred Social Security tax is collected in full, you are still responsible for the remainder of your Social Security tax repayment.
  - The unpaid balance will be collected from your final pay. If there are insufficient funds to collect the full amount, you may receive a debt letter with instructions for repayment.

## ADDITIONAL RESOURCES

If you have questions on the collection process:

- Visit the DFAS page: <https://www.dfas.mil/taxes/Social-Security-Deferral>
- Visit the IRS page:
  - Tax Deferral Implementation: <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>
  - Other Tax Deferral Implementation: <https://www.irs.gov/pub/irs-drop/n-21-11.pdf>
  - W-2 Reporting: <https://www.irs.gov/forms-pubs/form-w-2-reporting-of-employee-social-security-tax-deferred-under-notice-2020-65>

For more information on impacts of the payroll deferral, consult with a private financial advisor.