



SOCIAL SECURITY

Payroll Tax Withholding Deferral

For civilian employees who had their 2020 Social Security taxes collected from their pay during 2021, here's what to expect for 2022.

BACKGROUND

In response to a Presidential Memorandum issued on August 8, 2020, civilian employees' 2020 Social Security tax (Old Age, Survivors, and Disability Insurance) or "OASDI" tax withholdings were temporarily deferred from September through December 2020 and were collected back from wages paid between pay period January 16, 2021, and December 18, 2021.

In instances of employees in non-pay statuses, Social Security Taxes or OASDI balances were unable to be collected in full.

WHAT TO EXPECT NEXT?

OASDI DEFERRAL – PAID IN FULL

Corrected W-2 (W-2Cs) for tax year 2020, reporting that the deferred taxes have been collected (correcting box 4), will be issued to employees who had their OASDI deferral collected in full by pay period ending December 18, 2021, or who separated in 2021. In accordance with IRS guidance, issuance of this W-2C will not require the filing of an amended tax return. For more information on impacts of the payroll deferral, consult with a financial advisor.

- 2020 W-2Cs will be available in myPay on December 28, 2021. Hard copy W-2Cs will be mailed by January 31, 2022 to employees who have not elected to receive electronic copies.

OASDI DEFERRAL – OUTSTANDING BALANCE

- Collection of the remaining balance will be deducted from pay beginning with the pay period ending January 15, 2022. The collection amount will be calculated based on the current balance spread evenly over 8 pay periods. This may result in an increased rate of collection to have the OASDI Tax Deferral paid in full.
- OASDI Balances are found in the remarks section of the Leave and Earnings Statements (LES). The remark reads: "XX.XX COLLECTED THIS PAY PERIOD FOR A \$XXXXX.XX OASDI CORRECTION DEBT IN ACCORDANCE WITH 5 U.S.C. 5514."
- Corrected W-2Cs for tax year 2020 correcting Box 4 will be issued to employees by January 2023. For more information on impacts of the payroll deferral, consult with a financial advisor.
- Additional questions on collection of deferred OASDI can be directed to the agencies' Customer Service Representatives (Veterans Affairs employees should contact their Local Payroll Office).

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>