



SOCIAL SECURITY Collection of Payroll Tax Deferral

For military members 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 and at the direction of the Office of Management and Budget and Office of Personnel Management, Social Security tax withholdings were temporarily deferred, from September through December 2020 and will be collected from wages paid between **January and December 31, 2021**, for those members with a monthly rate of basic pay of less than \$8,666.66. 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.
 - For **active duty military members**, the total amount of 2020 deferred Social Security taxes will be collected in **24 installments**, out of your mid-month and end-of-month pay between **January and December 30, 2021**.
 - For **reservists and guardsmen** performing intermittent duty in 2021, the amount collected may not be the same every pay period. DFAS will collect **2% of net available pay** from each weekly, midmonth and end-of-month pay, and will continue until the deferred taxes have been repaid in full.
- 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>
 - 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 financial readiness:

- Service members and retirees may contact your nearest installation Military and Family Support Center.
- Contact Military OneSource at 800-342-9647 or visit <https://militaryonesource.mil> for financial counseling and tax consultation support up to 365 days post separation and retirement

MILITARY MEMBER

COLLECTION TIMEFRAME

JAN 2021

FEB 2021

MAR 2021

APR 2021

MAY 2021

JUN 2021

JUL 2021

AUG 2021

SEP 2021

OCT 2021

NOV 2021

DEC 2021