

# Three Steps to Qualify for Deferred Payroll and Self-Employment Tax Payments

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows employers to delay payment of employer payroll taxes to help increase cash flow/liquidity in calendar year 2020.

## Step 1. Am I a qualifying employer? If either of these applies, you are eligible.

- Do I pay FICA tax on my payroll wages for myself and/or my employees?
- Do I pay self-employment tax on my business profits?



*If you received a Payroll Protection Program loan and any of those loan proceeds were forgiven, you are not eligible for payroll/self-employment tax deferral.*

## Step 2. Which wages or self-employment profits apply? Both can apply.

- The employer half (6.2 percent) of the 12.4 percent Social Security payroll tax on wages paid from March 27, 2020 to the end of the calendar year.
- One half of the 12.4 percent Social Security payroll tax employer equivalent amount in the self-employment tax, earned on profits from March 27, 2020 to the end of the calendar year.
- For employers that pay these amounts using the Electronic Federal Tax Payment System (EFTPS) tax payment service, simply adjust the amounts before your next payroll.
- This is effectively an interest-free loan from the government.
- During the deferral period, an employer will be treated as having timely made all deposits of payroll taxes if pays the amount due in time (see below).



## Step 3. When are the deferred taxes due?

- Half of the payroll tax deferral and/or self-employment tax deferral is due on December 31, 2021.
- The remainder of the payroll tax deferral and/or self-employment tax deferral is due on December 31, 2022.

