



August 11, 2020

Dear Client:

On Saturday, the President issued an executive memorandum regarding a [payroll tax delay](#). The memorandum directs the Secretary of the Treasury to implement a delay of certain employees' obligations to pay Social Security taxes. **The payroll tax provision requires guidance to be issued by the Department of Treasury.** Until that guidance is issued, many of the details are unknown.

Below is a summary of the key provisions of the memorandum:

- **The memorandum applies to the period September 1, 2020, through December 31, 2020.**
- **It is unclear whether employers are required to take advantage of the delay.**
- **The memorandum does not address what an employer should do if he decides to continue withholding payroll taxes.**
- **The memorandum only applies to the 6.2 percent Social Security tax on employees.**
- **The memorandum only applies to employees generally earning less than \$104,000 annually.**
- **The memorandum only provides a delay of the tax obligation, not forgiveness.**
- **No penalties or interest shall apply to those who use the delay.**
- **There is no relief with respect to employers' withholding obligation.**

It is important to keep in mind that Congress and the Trump Administration are still negotiating on a potential COVID-19 relief measure, and that a compromise bill could supersede the President's actions. As this situation becomes clearer, we will update you on what to expect and what actions to take.

Your Payroll Specialist will be updated as soon as there is more information regarding this. They will be your point of contact, therefore, please reach out to them if you have any questions.

Thank you so much,

ZampHR team

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