

COVID-19 – Deferred Withholding, Deposit and Payment of OASDI Deductions

The purpose of this transmittal is to provide the attached Department of the Treasury/IRS Notice 2020-65 related to COVID-19 relief. On August 8, 2020, the President issued a Presidential Memorandum to defer withholding, deposit, and payment of certain payroll tax obligations. The deferral may be applied to gross civilian wages/compensation earned from September 1st through December 31st 2020, that total less than \$4,000 during any bi-weekly pay period. DFAS will defer the Social Security (Old Age, Survivors, and Disability Insurance or OASDI) employee deductions for all employees whose gross social security wages that are less than \$4,000 in any given pay period through the end of 2020.

DFAS will implement system changes to defer employees' withholding of 6.2% of social security wages for those employees under the wages threshold and subject to social security tax. Partnering with the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM), DFAS will implement the guidance according to the expectation that all Federal Civilian Payroll Providers will act in unison. As such, *no* Payroll Providers, Departments/Agencies, nor employees will be able to opt-in/opt-out of the deferral. The elimination of the withholding of employee deductions for the applicable employees will be effective the second paycheck in September, pay period ending September 12, 2020.

Applicability will be determined on a pay period-by-pay period basis and could vary according to the wages subject to OASDI withholding. The deferral will not impact those employees in Retirement Plans not subject to Social Security withholding, for example CSRS.

Applicability:

- Employees whose pre-tax wages during any biweekly pay period during the four-month period are less than \$4,000 (equivalent to an employee earning less than \$104,000 per year)
 - The maximum amount of “double withholding” an employee would face would be \$2,150 (6.2% x \$104,000 x 1/3)
- Elimination of the withholding of employee deductions for the applicable employees will be effective pay period ending September 12, 2020
- Deferred amount of OASDI tax is to be collected between January 1-April 30, 2021
- Temporary deferral of the 6.2% OASDI withholding does not eliminate the employees' liability for the tax should they depart from Federal Civilian Employment

The POC for assistance and questions are the local Comptroller Squadron and civilian payroll offices. FM community will forward information directly to those offices. Civilian Personnel Sections should refer employees to their local POCs.

The IRS is still working to determine how the deferral and collection will impact employees' W-2s. DFAS plans to send a SMARTDOC on this topic to all employees next week and we will provide an update to this transmittal as information becomes available.

This information will be posted to myPers at <https://mypers.af.mil/> and will also be loaded to Civilian One Link

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