

Publications

Federal Tax Bulletin: CARES Act Extends Deadline for Payment of 2020 Employer and Self-Employment Social Security Tax

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CLIENT ALERT | 3.27.2020

The CARES Act (the **Act**), which was signed into law by President Trump on March 27, 2020, dramatically extends the deadline for employers to make social security tax payments on 2020 payroll. This deferral expands upon earlier Treasury announcements extending until July 15 the deadline for filing income tax returns and making payments of income tax (and, seemingly, self-employment tax) that would otherwise have been due on April 15 (see our [March 23 Federal Tax Bulletin](#)).

An employer's payroll tax liability consists of two components: social security tax at a rate of 6.2% (subject to a cap), and Medicare tax at a rate of 1.45%. Under the Act, the social security portion of an employer's payroll tax liability on employee salaries for the period beginning March 27, 2020 and ending on December 31, 2020 is not due at any time during 2020, but rather the deadline for making such payments has been extended to the following dates:

- Payment of 50% of such tax liability is due by December 31, 2021, and
- Payment of the remaining 50% of such tax liability is due by December 31, 2022.

Self-employed individuals also pay social security tax and Medicare tax on their self-employment income, though at higher rates, as part of their required estimated tax payments. The social security tax owed on self-employment income is 12.4% (that is, double the employer's rate on employee salaries). For self-employed individuals, the Act provides for the same deferral as that described above, but applied to only *half of the social security tax* imposed on self-employment income (that is, the portion of the security security tax equal to the employer's 6.2% rate). The other half of the social security tax imposed on self-employment income is due by normal estimated tax payment deadlines (except for the payment due April 15, as discussed in our [March 23 Federal Tax Bulletin](#)).

Other federal tax aspects of the Act will be addressed in future bulletins. Please contact your Vorys attorney with questions.

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VORYS COVID-19 TASK FORCE

Vorys attorneys and professionals are counseling our clients in the myriad issues related to the coronavirus (COVID-19) outbreak. We have also established a comprehensive Coronavirus Task Force, which includes attorneys with deep experience in the niche disciplines that we have been and expect to continue receiving questions regarding coronavirus. Learn more and see the latest updates from the task force at [vorys.com/coronavirus](https://www.vorys.com/coronavirus).