Payroll Tax Deferral

Introduction

This guide provides information regarding the Payroll Tax Deferral announced in ALCOAST 329/20 and referenced in ALCOAST 013/21.

Background

On August 8, 2020, a Presidential Memorandum was signed to defer employees' OASDI deductions due to COVID-19. Per ALCOAST 329/20, the employee portion of the Old Age, Survivors, and Disability Insurance (OASDI) segment of the Federal Insurance Contribution Act (FICA) tax will be deferred for the months of Sep, Oct, Nov, and Dec 2020. These deferred payments will be collected from paychecks issued in January-December 2021 per ALCOAST 013/21.

Lump Sum Payback is NOT an Option

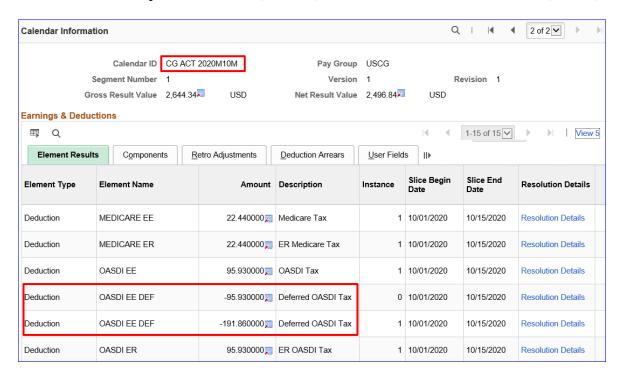
The guidance from the Internal Revenue Service (as modified by the Consolidated Appropriations Act, 2021) directs employers to withhold the 2020 deferred Social Security taxes evenly from wages between beginning January 1, 2021, and ending on December 31, 2021.

Collection Upon Separation

Per Chapter 11 of the CG Pay Manual, any portion of a debt (including this payroll tax deferral) remaining uncollected at the time of the member's separation must be collected from the member's final pay and allowances. This includes Discharges, Retirements and RELADs, including Reserve members on Active Duty Orders that require a RELAD.

October Mid-Month Results

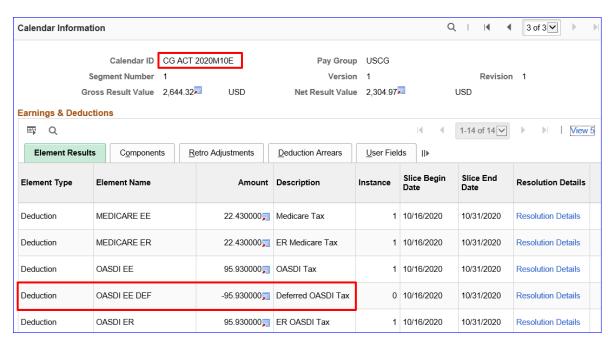
Since the programming change did not occur until early October, the mid-month October pay calculations credited the member back all of September OASDI (\$191.86) as well as half of October OASDI (\$95.93).



EARNINGS		TAXES		
Description BAH W/O DEPS BAS -ENL BASIC PAY	<u>Current</u> 888.00 186.36 1547.25	Description FICA-MEDICARE FICA-OASDI FICA-OASDI DEF	<u>Current</u> 22.44 95.93 -287.79	YTD 401.04 1714.78 -287.79
CLOTHING SMA	22.73	FITW	158.44	2801.56
TOTAL:	2644.34	TOTAL:	-10.98	4629.59

October EndMonth Results

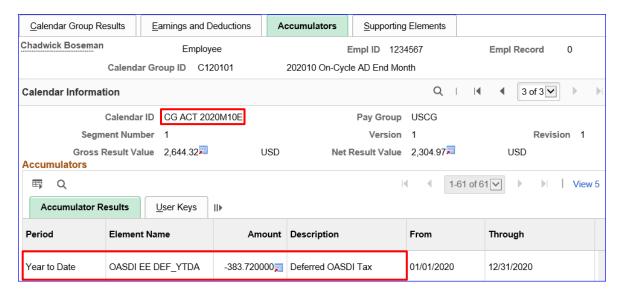
The October end-month calendar deferred the OASDI tax for that pay period (\$95.93).



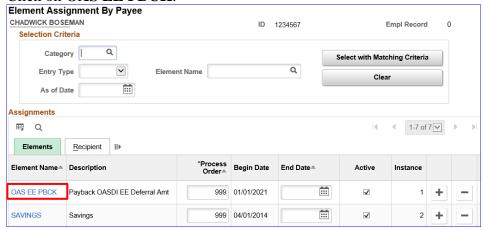
EARNINGS		TAXES		
Description BAH W/O DEPS BAS -ENL DASIG DAY	<u>Current</u>	Description	Current	YTD
	888.00	FICA-MEDICARE	22.43	423.47
	186.35	FICA-OASDI	95.93	1810.71
BASIC PAY	1547.25	FICA-OASDI DEF	<u>-95.93</u>	-383.72
CLOTHING SMA	22.72	FITW	158.44	2960.00
TOTAL:	2644.32	TOTAL:	180.87	4810.46

Accumulators

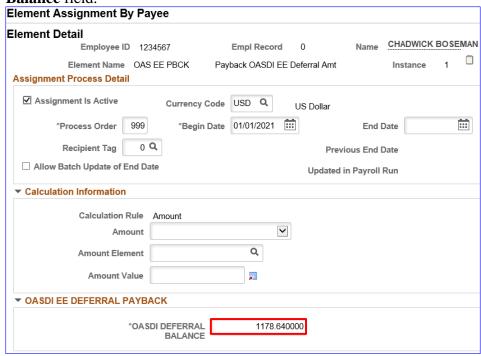
The accumulators will keep track of how much has been deferred for the member and will match the year to date total on the Payslip.



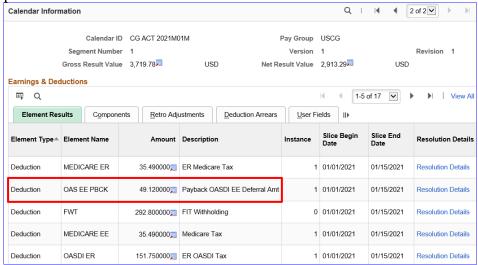
EABP for Payback of Tax Deferral An EABP row was created to collect the Payroll Tax Deferral amount. Click on **OAS EE PBCK**.



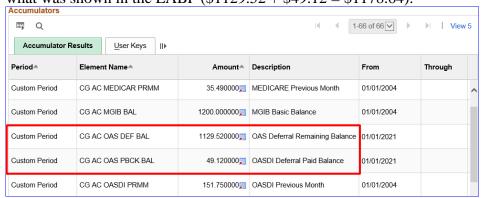
The balance to be collected will be shown in the **OASDI Deferral Balance** field.



Pay Calculation Results for Payback of Tax Deferral The Payback amount will show up as a deduction each pay period until paid in full.



Accumulators for Payback of Tax Deferral Two Accumulators will display as Custom Periods. The **CG AC OAS DEF BAL** will show the remaining balance of the Payroll Tax Deferral. The **CG AC OAS PBCK BAL** will show how much has been paid towards the balance thus far. If you add the two amounts, they will equal what was shown in the EABP (\$1129.52 + \$49.12 = \$1178.64).



Payslip for Payback of Tax **Deferral**

The Payslip will show the payback amount and provide the remaining balance in the remarks.

Ianuary Mid-Month:

TAXES					
Description	Current	YTD			
FICA-MEDICARE	35.49	35.49			
FICA-OASDI	151.75	151.75			
FICA-OASDI PYBK	49.12	49.12			
FITW	292.80	292.80			
TOTAL:	529.16	529.16			

REMARKS:

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-- TSP TRADITIONAL ELECTION: 6 % BASIC PAY, 0 % SPECIAL PAY, 0 % BONUS, 0 % INCENTIVE PAY.
-- YTD TSP TRADITIONAL CONTRIBUTION IS \$146.85.
-- OASDI DEF PAY STATUS: TOTAL OASDI DEFERRED AMOUNT 1178.64; OASDI DEFERRED AMOUNT
COLLECTED THIS PAY PERIOD 49.12. BALANCE DUE 1129.52.