

THE JMCPA JOURNAL

Quarterly Updates, Advice, & Reminders From Your Accountant



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TAXES DUE FOR EXTENDED FILERS!

We're less than 10 days away from the extension deadline for individuals and corporations. If you've filed your extension but not your return and don't want to pay late-filing penalties, you may want to get yourself on our calendar for a wrap-up (virtual appointments still highly encouraged). However, please note that we **must have all of your tax documents at least 5 business days ahead of your scheduled appointment.** We recommend uploading documents to your client portal. Just let Kim know via email or text if you need a password reset.

[Upload Documents](#)

[Book Appointment](#)

MEET OUR NEW CPA, SARAH FLYNN!

Sarah Flynn is a CPA working primarily in the tax preparation section of the firm. She has been working in individual and business tax since 2014, and before that, spent time in the fields of forensic accounting and small business (specifically, manufacturing) accounting.

Sarah graduated from the University of Pittsburgh with a Bachelor of Science in Business Administration as an Accounting major. She also has a Master of Science in Fraud and Forensics from Carlow University. She has spent the past several years working for CPA firms in North Carolina and California, as a bookkeeper, tax preparer, and auditor.



When not at work, Sarah spends her time doting on her dogs, cats, and wide variety of succulents. She and her husband are self-proclaimed gigantic nerds, and can generally be found playing board games with friends, tinkering on a variety of home improvement and craft projects, or accompanying their dogs on their explorations of their town and parks.

Please join us in welcoming Sarah to the team! We are absolutely thrilled to have her on board. Sarah may be reached via email at sarah@joshmauercpa.com and is available for appointment bookings on our website or at jmcpcpa.youcanbook.me.

PPP LOAN FORGIVENESS APPLICATIONS

As a reminder, we are offering a PPP Loan Forgiveness Application Preparation service to prepare and submit your application, along with all of the required supporting documents. The fee for this service is \$250. **Either way, if you are interested in this service or not, please submit your preference using the link below so that we know how to move forward.** If you are interested, you will be redirected to a questionnaire to provide all of the details that we'll need to complete your application. If not, Maren will begin gathering all of the payroll reports you'll need and make sure you have access to them.

[Submit Response](#)

PRESIDENT TRUMP'S PAYROLL TAX DEFERRAL EXECUTIVE ORDER (EO)

As we've had a few employers ask about this executive order, we wanted to provide you with an overview of how it works. That being said, **we strongly suggest you not participate.** Here are some FAQs provided by The Committee on Ways and Means - the oldest committee of the U.S. Congress and a chief tax-writing committee in the House of Representatives. Please reach out to Maren if you have any additional questions.

Does the Executive Order (EO) hurt Social Security?

- The EO does not affect Social Security's Trust Funds, as the taxes are only deferred.
- The guidance notes interest, penalties, and additions to tax will begin to accrue if amounts are not paid by May 1, 2021.

Won't these changes to the payroll tax will cause Social Security to run out of money in just a few years?

- The EO does not affect Social Security's Trust Funds, as the taxes are only deferred.
- The Social Security Chief Actuary has confirmed that no one has proposed legislation to zero-out Social Security payroll taxes, and that past payroll tax holidays enacted by President Obama provided General Fund transfers to offset effects on Social Security's trust funds.
- Unfortunately, Democrats have attempted to politicize the Chief Actuary by writing a letter asking for analysis of unrelated, hypothetical legislation simply to scare seniors and propagate a false narrative. A letter from the Senate Finance Committee and House Ways and Means Committee set the record straight.

What payroll taxes are able to be deferred?

- The EO applies to the employee portion of Social Security payroll taxes (6.2%). Medicare payroll taxes and the employer portion of Social Security payroll taxes are not included in the EO.

Does the deferral apply to the parallel Social Security taxes owed by the self-employed?

- No, additional guidance would be required in order to apply the deferral to self-employment taxes.

Who is eligible for payroll tax deferral?

- Employers may defer the employee portion of Social Security payroll taxes for any employee whose wages (as defined for Social Security purposes) are less than \$4,000 for a biweekly period.

When does the deferral apply?

- The employee portion of Social Security payroll taxes may be deferred for certain employees for wages paid from September 1, 2020, to December 31, 2020.

PRESIDENT TRUMP'S PAYROLL TAX DEFERRAL EXECUTIVE ORDER (EO) CONT.

Is an employer required to defer payment of employee portion of payroll taxes?

- The EO provides temporary relief for employers from the obligation to withhold and pay the employee portion of Social Security payroll taxes for certain employees.
- The EO does not mandate deferral, nor does it outline any penalty as a result of not participating in the deferral.
- The EO does not provide a right for employees to demand that an employer participate in the deferral.

What if wages are paid on a different frequency than biweekly?

- If a pay period is a different length, such as twice a month, instead of biweekly, the \$4,000 amount must be adjusted. The EO states the threshold is an "equivalent amount with respect to other pay periods," however the guidance does not provide a formula for making this adjustment.

What if wages vary between pay periods?

- Whether an employee's wages are eligible is determined separately for each pay period.
- For a biweekly pay period in which an employee earns \$4,000 or more, no amount of the wages in that pay period will be eligible for the benefit.

When are the deferred taxes due?

- An employer must withhold and pay the total applicable taxes deferred from wages and compensation paid from January 1, 2021, to April 30, 2021.
- Interest, penalties, and additions to tax will begin to accrue on May 1, 2021, with respect to any unpaid taxes.

Will the deferred taxes need to be paid back in one lump sum?

- No, employers have the flexibility over the first four months of 2021 to withhold in installments and remit on a prorated basis the Social Security payroll taxes that were deferred during the last four months of 2020.

If the employer delays withholding and is unable to collect the taxes from the employee from any wages paid during the first four months of 2021, is the employer liable for the withholding?

- The employer may make arrangements to otherwise collect if deferred payroll taxes cannot be withheld from the employee's paycheck.