

# CARES Act: Additional Guidance on the Interplay Between Social Security Tax Deferrals and Forgiveness of PPP Loans

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In a new set of FAQs, the IRS clarifies that an employer who receives a loan under the Paycheck Protection Program (“PPP”) may also defer payment of the employer portion of Social Security taxes due on eligible wages until the employer receives notice from its PPP lender that the loan has been forgiven. Under the CARES Act, employers of all sizes may defer payment of their portion of Social Security taxes due on wages earned between March 27, 2020 and December 31, 2020, until December 31, 2021 (50% of the deferred taxes are due) and December 31, 2022 (the remaining deferred taxes are due), subject to certain restrictions. One of those restrictions is that an employer may not defer its Social Security taxes if it has taken out a PPP loan and all or any portion of the loan is forgiven. The new FAQs clarify that, once an employer receives notice from its PPP lender that a loan has been forgiven (the “**Forgiveness Date**”), (i) the employer may no longer defer Social Security taxes due after the Forgiveness Date, but (ii) any taxes deferred prior to the Forgiveness Date may continue to be deferred until December 31, 2021 or 2022, as applicable. The FAQs are available here: <https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>.