



*National Payroll Reporting Consortium*

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**AMERICAN  
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August 14, 2020

The Honorable David J. Kautter  
Assistant Secretary for Tax Policy  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Re: Deferral of Employee Social Security Taxes in Light of COVID-19

Dear Assistant Secretary Kautter and Commissioner Rettig:

The National Payroll Reporting Consortium<sup>1</sup> and American Payroll Association<sup>2</sup> are organizations whose members will be directly responsible for implementing and administering the employee Social Security tax deferral which was the subject of the August 8th Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster.

We understand that the Department of Treasury and IRS are urgently working on guidance for employers. It is our hope that the following priorities will help with this important initial guidance.

1. Perhaps the most critical question is whether employees should be required to opt in or out of the deferral, and in what form. Any requirement that employees opt in or out could result in employers having to manage informational notices and election forms of potentially over 100 million affected employees in the coming weeks. Regardless of whether any election is required, the guidance should permit notices and elections to be electronic.
2. Clarify that employers will not be held liable for employee Social Security taxes deferred. Employees should pay any deferred amounts with their 2020 income tax return, IRS Form 1040.
3. Minimize related reporting requirements. Optimally there should be no new entry boxes on Forms W-2 or 941. Qualifying Social Security wages paid from September 1 –

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<sup>1</sup> The National Payroll Reporting Consortium (“NPRC”) is a non-profit trade association whose member organizations provide payroll processing and related services to nearly two million U.S. employers, representing over 36% of the private-sector workforce. Payroll service providers have long served an important role in our nation’s tax collection system as a conduit between employers and government authorities. Payroll service providers improve the efficiency of government tax collections and reporting through electronic payment and reporting programs and improve employer compliance.

<sup>2</sup> APA is a nonprofit association serving the interests of about 21,000 payroll and accounts payable professionals nationwide. APA’s primary mission is to educate its members and the payroll and accounts payable industry about the best practices associated with paying America’s workers while complying with applicable federal, state, and local laws and regulations.

December 31, and/or Social Security tax deferred, could be a coded entry in Box 12 of Form W-2.

4. Clarify that employers should apply only a per-pay period amount (e.g., \$4,000 biweekly) to determine eligibility. Each payment of wages should be evaluated in isolation.
  - a. Conversely employers should not be required to calculate average wages over a time period to determine whether to apply the deferral.
5. There should be no phase-out formula for employees near the \$4,000 biweekly level.
6. If an employer implements the deferral program after September, there should be no adjustments for prior payrolls.

We would appreciate an opportunity to discuss these points and explain the implications and reasoning; i.e., why these principles would make a significant difference in the feasibility and adoption of the program. Please contact Pete Isberg at 909 971-7670 or [Pete.Isberg@adp.com](mailto:Pete.Isberg@adp.com), or Alice Jacobsohn, Esq., at 202 669-4001 or [ajacobsohn@americanpayroll.org](mailto:ajacobsohn@americanpayroll.org). Thank you for your consideration.

Sincerely,



Pete Isberg  
National Payroll Reporting Consortium, Inc.



Alice P. Jacobsohn, Esq.  
American Payroll Association