

Publications

Federal Tax Bulletin: PPPFA Eliminates Restriction on Ability of PPP Loan Recipients to Defer 2020 Employer Social Security Tax Payments

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The CARES Act provides employers with the ability to delay payment of the social security portion of the employer's payroll tax liability on employee salaries (**Employer Social Security Tax**) for the period beginning March 27, 2020 and ending on December 31, 2020. This is discussed in further detail in Vorys' April 14 *Federal Tax Bulletin*:

[Claiming Federal Relief Tax Credits and Deferring Payroll Tax Payments](#).

Under the CARES Act and subsequent Treasury guidance, employers who had a Paycheck Protection Program (PPP) loan forgiven were not eligible to also defer Employer Social Security Tax (commencing with the date that the lender issued a decision to forgive the loan). This limitation has been eliminated by the Paycheck Protection Program Flexibility Act of 2020 (**PPPFA**), which was signed into law on Friday, June 5. Therefore, employers with PPP loans forgiven are now fully eligible to take advantage of Employer Social Security Tax deferral.

Further details about the impact of the PPPFA on PPP loan program rules can be [found here](#).

Contact your Vorys attorney for more details.

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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).