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News You Can Use

In Summary: August 8, 2020 Executive Orders

By Executive Order on Saturday, August 8, 2020 President Trump made several tax changes that we want to call to your attention:

1. **Payroll Tax Deferrals**

Beginning September 1, 2020, certain employees can defer having some taxes withheld from their paychecks. Those employees whose pretax wages during any biweekly pay period is less than \$4,000 (about \$104,000 annually), may defer the withholding related to OASDI tax, often referred to as Social Security and Medicare tax. The allowed time period for the deferral (also referred to as the Payroll Tax Holiday) is September 1 through December 31, 2020 and employees need to be cautioned that, without further action from the President, the deferral must eventually be repaid by the employee – although the repayment due date and process have not been provided yet. This payroll tax change is separate from the previously allowed employer deferrals that were allowed under the CARES act.

2. **Federal Unemployment Benefits**

The unemployment federal benefit that was \$600/week, is extended to be \$400/week through the end of 2020. The federal government will be funding \$300 of the benefit, and states \$100. There is concern that governors won't sign onto this change.

In any case, taxpayers need to remember that unemployment benefits are part of taxable income and usually do not have any withholdings on them.

3. **Federal Student Loan Payments**

Student loan payments on federal loans are deferred until December 31, 2020, and interest will not accrue during that time period either.

Suttle & Stalnaker continues to monitor developments with the implementation of this executive order.

We will be in touch as further communication is available. As always, please contact our offices with questions or for assistance.

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