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## Why you should continue to collect social security taxes from employees

By executive order you can defer collecting social security taxes from employees who make less than \$4,000 in a bi-weekly pay period from September 1 to December 31, 2020. US Treasury Secretary Mnuchin has stated that this deferral is voluntary. Do we believe employers should voluntarily participate? No.

Why we believe you should not participate:

- It is only a deferral.
  - You would have to withhold the deferred amounts in addition to the normal social security taxes from January to April 2021.
- There is a lot of risk to employers.
  - How do you withhold from people in 2021 if they are no longer employed by you? The obligation to make those payments remains with the employer.
- It will make it difficult for employees to manage cash flow.
  - How are they going to balance their budget if social security taxes are withheld at twice the normal rate January - April?
- Complying with these rules will be costly for employers.
  - How are you going to make your software work?

The potential negative impact outweighs the positive for complying with the executive order, so we are advising all of our clients to choose not to participate in the social security tax deferral.

If you have any questions, please do not hesitate to contact us.

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