



From new guidance on PPP loan forgiveness to executive orders, last week was full of updates!

Last Tuesday, the SBA issued new direction in the form of FAQs that address issues related to PPP loan forgiveness. You can [view the guidance here](#).

On Saturday, the President issued three memoranda dealing with [payroll taxes](#), [student loans](#), and [benefits for lost wages](#), and one executive order dealing with [evictions](#). In order to have the memoranda implemented, the Treasury Department has 20 days to develop and implement guidance. As of now, there have been no further meetings with Congressional leadership.

The questions and answers below are regarding the payroll tax memorandum specifically. It is important to note that the memorandum only provides a **delay** of the tax obligation, **not forgiveness**. Also, there is no relief with respect to employers' withholding obligation.

Q: What does it mean for my business if my employees participate?

A: Typically, employees and employers each pay half of the total 12.4% Social Security tax due for each worker. But under the memorandum, employers would refrain from withholding the 6.2% from employees' pay for Social Security though employers would still contribute their own portion for each worker.

Q: Which of my employees will be affected?

A: The memorandum states that any employee who is paid less than \$4,000 per bi-weekly pay period before taxes would be eligible. If your employees are paid on a different schedule, you may calculate the bi-weekly pay by dividing the pre-tax annual salary by 26 to determine if their bi-weekly pay would be under the threshold. Generally, it is to those employees who earn less than \$104,000 annually.

The memorandum also states there are no penalties or interest for those who use the delay.

Q: What period does the memorandum cover?

A: The memorandum applies to the period September 1 through December 31, 2020.

While we know these orders tend to raise far more questions than they provide answers, it is important to keep in mind that Congress and the Administration are still negotiating a potential COVID-19 relief measure, and that a compromise bill could supersede these actions. As this situation becomes clearer, we will update you on what to expect and what actions to take.