



**U.S. ARMY CYBER CENTER OF EXCELLENCE  
AND FORT GORDON  
OFFICE OF THE STAFF JUDGE ADVOCATE  
Legal Assistance Division**



This Information Paper from the Fort Gordon Legal Assistance Division contains general legal information on a topic upon which Legal Assistance Attorneys typically advise. The information provided is general in nature and does not constitute formal, specific legal advice. If you wish to receive legal advice specific to your situation, please consult an attorney.

## **CYBER ADVOCACY: SOCIAL SECURITY TAX DEFERRAL**

In order to provide relief during the COVID-19 pandemic, a Presidential Memorandum was issued on August 8, 2020 and guidance followed by the Internal Revenue Service on August 28, 2020 to temporarily defer the employee portion of the Social Security tax withholding [commonly known as Old Age, Survivors, and Disability Insurance (OASDI)]. This tax withholding appears on Army, Air Force, and Navy Servicemembers' Leave and Earnings Statements (LES) as "FICA-SOC SECURITY" tax withholdings. This tax withholding appears as "Social Security" on the LES Marine Corps servicemembers. Social Security tax withholdings fund the Social Security program administered by the Social Security Administration.

Effective beginning the September 2020 mid-month pay, DFAS will temporarily defer the withholding of the servicemember's portion of the 6.2% Social Security tax if your monthly rate of basic pay is less than \$8,666.66. If your monthly rate of basic pay is at or above this threshold, your social security tax withholding will not be affected by the temporary deferral. Servicemembers can use their August or prior LES as a good reference for their typical Social Security tax withholding amount.

This change is effective through the end of the 2020 calendar year and only applies to Social Security tax withholding. Normal Social Security tax withholding will resume effective January 1, 2021. Pursuant to IRS guidance, collection of the deferred Social Security taxes will be evenly taken from your wages between January 1, 2021 and April 30, 2021. If you separate or retire from service in 2020 before the Social Security tax can be recouped from you in 2021, you are still responsible for the repayment of the deferred Social Security tax.

### **Can I opt-out of the deferred Social Security tax withholding?**

You are not eligible to opt-out of the deferral if your basic pay falls within the stated wage limits. The Office of Management and Budget (OMB) directed all Executive Branch Agencies to implement the tax deferral. As a result, no Payroll Providers, Departments/Agencies, or Servicemembers will be able to opt-in/opt-out of the deferral. The deferral will happen automatically.

### **Which ranks/grades are impacted?**

- Enlisted servicemembers will have their Social Security taxes deferred.
- All Warrant Officers will have their Social Security taxes deferred except those at a grade of W5 with 24 or more years of service.
- Officers at the grade O1-O4, the grade of O5 with less than 16 years of service, and the grade of O6 with less than 14 years of service will have their Social Security taxes deferred.

## **Does the Social Security (OASDI) tax deferral impact contributions to my Thrift Savings Plan (TSP) account?**

No. The OASDI amount collected/deferred does not have an impact on wages that are used to calculate your TSP contributions.

## **Will the Social Security (OASDI) tax deferral impact my income tax return?**

No. It's also important to note that the payroll tax is not income tax, so the deferral and subsequent repayment schedule should have no impact on income taxes or potential returns in and of themselves.

## **Additional Resources.**

For questions on the temporary deferral of the 6.2% OASDI withholding:

- Visit the IRS page: <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>.
- Visit the Defense Finance and Accounting page: <https://www.dfas.mil/taxes/Social-Security-Deferral/>

For more information on financial readiness:

- Visit: <https://finred.usalearning.gov>
- Visit your installation Military and Family Support Center to speak with a Personal Financial Manager or Counselor, or contact Military OneSource at <https://www.militaryonesource.mil> (1-800-342-9647).

## **Additional Information**

For additional information, the Fort Gordon Legal Assistance Division is located at 267 Heritage Park Lane, Building 35202, Fort Gordon, GA. You may call the office at (706) 791-7812 / 7813. Please be advised you must have an appointment to consult with an attorney; however, paralegals are available via telephone during normal hours of operation to answer general questions that do not amount to legal advice.