

Subject: Collection of 2020 Social Security Tax Deferral

At the end of December, the 2020 Social Security tax deferral will end. Beginning January 2021, the normal 6.2% Social Security tax withholdings will again be deducted and you will also see an additional deduction for the deferred 2020 Social Security tax collection taken from your pay.

Collection Process:

Per IRS guidance, the Social Security taxes deferred in 2020 will be collected evenly from your pay between January 1 and April 30, 2021.

Beginning in January 2021, your LES within myPay will reflect the monthly collection amount and contain a note in the remarks section that shows the remaining balance of deferred Social Security taxes. If you would like to calculate the amount prior to your January LES becoming available, you can generally do so by multiplying 6.2% times the amount of basic pay received from September through December 2020. For more detailed information, visit: <https://www.dfas.mil/taxes/Social-Security-Deferral/>.

Separating from Service – Collection Process:

If you separate or retire prior to the deferred Social Security tax being collected in full, you are still responsible for the remainder of your Social Security tax repayment. The unpaid balance will be collected from your final pay or you may receive a debt letter with instructions for repayment.

Tax Filing and W-2 Reporting:

Your 2020 W-2 will be issued in January. You will receive a W-2c (Corrected Wages and Tax Statement) that includes the collection of deferred Social Security taxes in 2021; however, this does not change the deadlines established by the IRS for filing 2020 income tax returns. If you have questions on tax filing, the IRS provided instructions for employees receiving a W-2c due to the Social Security tax deferral. See IRS W-2 reporting link near the bottom of this message.

Background Information:

Social Security tax withholdings were deferred effective mid-month September through December 2020, for those members with a monthly rate of basic pay of less than \$8,666.66. This action was in response to the Presidential Memorandum issued on August 8, 2020, the Internal Revenue Service Notice 2020-65 issued August 28, 2020, and at the direction of the Office of Management and Budget and the Office of Personnel Management.

For more information, visit: <https://www.dfas.mil/taxes/Social-Security-Deferral/>.

IRS information:

- Tax Deferral Implementation: <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>
- W-2 Reporting: <https://www.irs.gov/forms-pubs/form-w-2-reporting-of-employee-social-security-tax-deferred-under-notice-2020-65>

For more information on financial readiness:

- Service members and retirees may contact your nearest installation Military and Family Support Center.

- Contact Military OneSource, <https://militaryonesource.mil> for financial counseling and tax consultation support up to 365 days post separation and retirement

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