TO: Federal Personnel and Payroll System (FPPS) User Group Representatives and Client Accounting Offices (Excluding Judicial agencies)

FROM: Christine Zertuche-Rocha, Chief  //signed

Payroll Operations Division

SUBJECT: Payroll Social Security Tax Deferral Repayment

Pursuant to [Presidential Memorandum dated August 8, 2020](https://www.whitehouse.gov/presidential-actions/memorandum-deferring-payroll-tax-obligations-light-ongoing-covid-19-disaster/) and in accordance with [Internal Revenue Service (IRS) Notice 2020-65](https://www.irs.gov/pub/irs-drop/n-20-65.pdf), and at the direction of the Office of Management and Budget (OMB), the Social Security Old Age, Survivors, and Disability Insurance (OASDI) tax withholdings were temporarily deferred from September 1 through December 31, 2020. As a result, the Interior Business Center (IBC) deferred the OASDI payroll taxes during pay periods (PPs) 2020-19 through 2020-26. The deferral was for employees who had wages subject to OASDI of less than $4,000 in any given pay period.

Initially the repayment period was from January 1 through April 30, 2021. However, the Consolidated Appropriations Act of 2021 was passed which extended the repayment period through December 31, 2021. As a result, the IBC is working diligently to make system changes to accommodate the extended repayment period while awaiting official guidance from OMB and/or the Office of Personnel Management (OPM).

The IBC plans to issue a Frequently Asked Question and Answer document within the next couple of weeks and will update the document as additional information and guidance are received. In the meantime, we are providing the following general information, **applicable at this time**, until more guidance is available:

**Repayment period:**

* Beginning in PP 2021-01, the deferred tax, based on employee status and related repayment amount (see below), will be deducted over 25 PPs

**How employees can determine how much deferred OASDI tax they owe:**

* Employees should review their Leave and Earnings Statements (LESs) for PPs 2020-19 through 2020-26. These LESs will include the remark, ‘‘*Your Net Pay Includes Deferred OASDI Tax Amount; although, you will see it reflected in deductions*.’
  + Using the LES statements that reflect the above remark, employees can add together the OASDI deduction amounts from each LES under “deductions” to get the total amount owed
  + The IBC is working to provide agencies a list showing the total dollar amounts each employee had deferred between September and December 2020, as those amounts are not reflected on their Leave and Earning Statement

**Employee Status and Repayment amount:**

* Active Employee Pay Status (Excluding those on extended Leave without Pay (LWOP):
  + For PP 2021-01:
    - To help ease the payback burden of deferred taxes owed and to begin the repayment process in January 2021 as instructed in IRS Notice 2020-65, the IBC deducted an amount of approximately $50.00 (or less) for most employees
    - Some employees had a larger deferred repayment amount, if their total repayment amount exceeded $1,500.00
  + For PP 2021-02 through PP 2021-25, the remaining balance owed will be deducted evenly from employees’ pay checks over 24 PPs
  + If a deduction is unable to be made for a PP, the charge will show up on the Labor Cost or Accounting Feeder File (SSA only) with pay code OAD
    - The IBC’s Debt Management Branch (DMB) will monitor each PP to see if a deduction can be made
      * Any deductions made by DMB will be reflected on the Labor Cost or Accounting Feeder File (SSA only) like any other debt collection
* Employee Pay Status is Career-Seasonal, LWOP, FECA, etc.:
  + For PP 2021-01:
    - Nothing
  + For PP 2021-02 through PP 2021-25:
    - **To be determined**
* Inactive Employee Pay Status (i.e. Separations, Retirements, etc.):
  + For PP they become inactive:
    - Will deduct one PP deferral amount owed from last pay check
  + From Lump Sum Leave Payment (if applicable):
    - Will attempt to deduct balance owed
    - If full deduction cannot be made, the deferral becomes a liability to the agency and debt to the employee\*

**\*Liability to the Agency / Debt to Employee:**

* + This means that the agency pays the deferred taxes on the former employee’s behalf. Because the agency paid the taxes on behalf of the employee, this becomes a debt owed by the former employee to the agency
    - The charge will show up on the Labor Cost or Accounting Feeder File (SSA only) with pay code OAD
    - Per IBC standard procedure, the debt will be transferred to the agency to pursue under the agency’s normal debt collection process

**How to calculate the amount of deferred tax deducted on an LES:**

|  |  |
| --- | --- |
| Sample Calculation: |  |
| Gross Pay (LES) | $ 2,308.00 |
| Less Total Deductions (LES) | $ (732.09) |
| Net Pay Should Be **(Not on LES)** | $ 1,575.91 |
| Net Pay (LES) | $ 1,519.93 |
| OASDI Tax Deferral Repayment Deduction **(Not on LES)** | $ 55.98 |

If User Group Representatives have any questions, they may contact their Payroll Processing Supervisor point of contact (listed in the table below) or Rebecca Romero, Payroll Operations Branch Chief, at (303) 969-7450.

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| Agencies | Name | Office Phone Number | Email Address |
| *Payroll Operations Branch Chief* | Rebecca Romero | 303-969-7450 | Rebecca\_N\_Romero@ibc.doi.gov |
| Pay Processing Section 1 – ***Serviced Agencies -***  **BIA, SOL, FWS, CPSC, FLR, SSS, FERC, JMF, TDA, IAF, TIB, ADF, NASA, DCC, EDU, SCJ, USC, CFA, Casuals** | Karen Galperin | 303-969-7409 | Karen\_A\_Galperin@ibc.doi.gov |
| Pay Processing Section 2 - ***Serviced Agencies -*  NPS, OSM, BOE, ARC, CSB, NSF, SEC, HST, PT, HD, IMLS, UTC, NRC, ABMC, BSE, EXIM, FHFA, NARA, PDB, JFK** | Debbie Bentley | 303-969-6347 | Debbie\_S\_Bentley@ibc.doi.gov |
| Pay Processing Section 3 - ***Serviced Agencies –***  **OS, ONRR, USG, BOR, OIG, OAS, BLM, PBGC, ITC, FTC, OPIC, UT, EEOC, ONH, VCT, MCC, EPA, OST** | Brandi Hartman | 303-969-7475 | Brandi\_J\_Hartman@ibc.doi.gov |
| Pay Processing Section 4 - ***Serviced Agencies -*  SSA, NLRB, NTSB, PDS, DOT, FAA, IBWC, NMB, SLS, STB** | Monica Dybing | 303-969-7424 | Monica\_L\_Dybing@ibc.doi.gov |