



Illinois Heartland Library System

TO: IHLS Finance Committee
FROM: Rhonda Johnisee
DATE: August 11, 2020
RE: Employee Tax Deferral

On August 8, 2020, President Trump issued a Presidential Memorandum that allowed for employers to choose to defer the employee's liability of Social Security taxes for qualifying employees for the period of September 1, 2020– December 31, 2020. On August 28, 2020, the IRS released guidance [IRS Notice 2020-65](#) related to the implementation of this deferral. The guidance states that deferred taxes not withheld for the period must be withheld from January 1, 2021- April 30, 2021. Failure to do so will result in tax penalties and interest.

IHLS has decided not to participate in this optional program. There are many factors that were considered in our decision to not take part in this program. It is our belief that the tax deferral would place an unfair burden on our employees, who would carry the weight of a large tax bill with them into the new year. If IHLS would defer collection of these taxes from an employee who left the system prior to January, we could be liable for these taxes due from that employee. This deferral will also make tracking and reporting of taxes more difficult when the taxes are due.

If you have any questions, please feel free to reach out to me.

Thank you for your attention to this matter.

IMAGINING TOMORROW ~ DELIVERING POSSIBILITIES TODAY!
