



Reserve Info Bulletin



COVID-19: Payroll Tax Deferral

As discussed in the below ALCOAST message, a Presidential Memorandum will defer the employee portion of the Old Age, Survivors, and Disability Insurance (OASDI) segment of the Federal Insurance Contribution Act (FICA) tax, for the months of September through December 2020.

This deferment is applicable to all military members who receive monthly basic pay at or below \$8,666. There is no opting out of the deferral. Deferred tax will be deducted January through February 2021. If a member separates prior to collecting owed taxes the remainder will be taken from their final pay.

This applies to reservists performing ANY duty for pay (e.g. ADOS, ADT-AT, IDT, RMP, etc).

It is critical that personnel understand this is a deferment and that the tax will need to be paid in 2021. Members should plan accordingly for the deductions that will be taken from CY21 pay.

Questions for military members (active and reserve) regarding this deferral should be addressed to: Compensation@uscg.mil

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FM COMDT COGARD WASHINGTON DC//CG-1//
TO ALCOAST
UNCLAS //N07401//
ALCOAST 329/20
COMDTNOTE 7401
SUBJ: COVID-19: PAYROLL TAX DEFERRAL

A. Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster B. Internal Revenue Service Notice 2020-65 - Relief with Respect to Employment Tax Deadlines 1. This ACN message announces impending modifications to take-home pay for both civilian employees and military members of the Coast Guard. For the months of Sep, Oct, Nov, and Dec 2020, the employee portion of the Old Age, Survivors, and Disability Insurance (OASDI) segment of the Federal Insurance Contribution Act (FICA) tax, i.e., the 6.2% tax on employee wages (basic pay only for military) will be deferred, not deducted from pay. The deferred payments will be subtracted from paychecks in Jan, Feb, Mar, and Apr 2021 in addition to regular withholding.

2. REF (A) is the Presidential Memorandum and REF (B) provides additional information. In essence this deferral:

- a. applies to all civilians at or below \$4000 per pay period;
- b. applies to all military members at or below \$8,666 of basic pay only per month;
- c. is non-negotiable, there is no opting-out of the deferral;
- d. will be collected in early 2021 unless the employee/member separates prior to full collection, at which time it will be taken out of final pay.

3. Additional information will be provided in the upcoming days.

4. Questions for military members regarding this deferral should be addressed to: Compensation@uscg.mil

5. Question for civilian employees should be addressed to: USCG.ASK.HR@uscg.mil.

6. RADM J. M. Nunan, Assistant Commandant for Human Resources (CG-1), sends.

7. Internet release is authorized.