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PPP Loan Forgiveness No Longer an Exception to CARES Act Social Security Tax Deferral

June 11, 2020

As previously reported, Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows an employer to defer the deposit and payment of the employer's share of Social Security tax that otherwise would be required to be deposited and paid during the period beginning March 27, 2020, and ending December 31, 2020. The CARES Act had provided that the deferral was not available to an employer that had indebtedness forgiven under the CARES Act's Paycheck Protection Program (PPP). The recently enacted Paycheck Protection Program Flexibility Act eliminates that exception. Thus, an employer that has had indebtedness forgiven under the PPP is not prohibited from utilizing the CARES Act's Social Security tax deferral.

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