

HUMAN RESOURCES MEMORANDUM 20-023	DATE ISSUED: 09/11/2020
SUBJECT: PAYROLL TAX DEFERRAL	REFERENCE: IR-2020-195
TO: All DGS Employees	SUPERCEDES: None

PLEASE ENSURE THAT THIS INFORMATION IS SHARED WITH YOUR EMPLOYEES

The purpose of this memorandum is to provide information regarding the payroll tax deferral for state of California employees.

On August 8, 2020, President Trump issued a Presidential Memorandum directing the Internal Revenue Service (IRS) to allow the deferral of withholding, deposit, and payment of payroll tax obligations for certain employees effective September 1, 2020. IRS guidance provided on August 28, 2020, clarifies employers can, but are not required to, participate in this program.

After evaluation and consideration of the IRS guidance, the Administration is concerned that while the employer withholding obligation would be deferred in 2020, employees would experience a double withholding in 2021 to recover the taxes due. Further, if an employee separates from state service before the deferred tax was collected, the state may be required to pay the tax from state funds.

For these reasons, the Administration has determined the program will not be implemented for state of California employees. If you have questions regarding this memorandum, please contact Amy Applegate, Personnel Officer, at (916) 376-5428 or via e-mail at Amy.Applegate@dgs.ca.gov.

AMY APPLGATE, Personnel Officer
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