

Support for FICA Deferment Deduction for 2020

APTAWEB-10893

In August 2020, the President signed an executive action allowing for the deferment of Social Security Tax (FICA) between September 1, 2020 and December 31, 2020 because of the COVID-19 pandemic. As a result, AptaFund has created a way to support this deferment. Please note that this is **optional**, and that it is **universal** for all employees on a database (i.e., *all* employees will have the FICA deferment, or *none* will).

The deferment limits the application of the provision to individuals with gross pay in a pay period that is less than the equivalent of \$4,000 for a bi-weekly pay period, which would work out to an annual payroll of \$104,000. It also provides that no penalties, interest, or additions to tax would apply to these deferred payments.

However, employees are expected to pay this deferment back in 2021.

In order to support this, AptaFund has created a new deduction in the Manage Deductions screen called "FICA Deferment". Since the deduction is optional, it is disabled by default, so it will need to be enabled in order for the deferment to work. Before enabling the deduction, be sure to choose the same vendor that is used for the regular FICA deduction, as well as the same Expenditure and Liability Element Values/Account Masks.

FICA Deferment

Type: Deduction	Enabled Status: Disabled	Calculation: FICA Deferment
Deduct Order: Tax	Default: Yes	

Primary Deduction Info

Deduction: FICA Deferment
 Type: Deduction
 Deduct Order: Tax
 Default: Variable:
 Priority: 0.00
 Vendor: PAYROLL TAXES

Optional Deduction Information

Jobs/Addenda: All Include
 Annual Cap Type: Calendar
 Include OT: Yes (All Pay)
 Rollover: Retirement:
 W-2 Box No.: 4 - Social security tax (FICA) Secondary W-2 Box No.:
 W-2 Sub Code: Secondary W-2 Sub Code:
 Allocate To: All Jobs

Employee Information

Affects State Taxable Income: Affects Disposable Income:
 Liability Element Value: 9527-Fringe Benefits - OASDI

Employer Information

Expenditure Element Value: 3301-OASDI/Medicare/Alternat
 Liability Element Value: 9527-Fringe Benefits - OASDI

Save
Save and Add
Cancel

Figure 1: FICA Deferment Deduction in Manage Deductions



Once this is set up in Manage Deductions, and the deduction is enabled, employees will see the "FICA Deferment" on their pay stubs. This amount will generally reverse their FICA deduction for the pay periods between September and December 2020. The YTD amount is important, as this is the amount that the employee will likely **need to pay back** after the deferment is over. Also, please note that the deferment does not apply to the employer contribution, which is why there is no amount on the paystub in the "Employer Contribution" column for the FICA Deferment deduction.

Payroll Period Name	Pay Date	Federal Filing Status	State Filing Status		
November 2020	11/30/2020	S-1	S-1-0		
Earnings	Comments / Deductions	Amount	YTD	Employer Contribution	
Human Resources Manager		0.00	45,000.00		
Human Resources Manager		8,095.08	40,475.40		
	Federal Withholding	-1,023.26	-9,836.52		
	State Withholding	-398.57	-3,684.09		
	FICA	-490.37	-5,117.52	490.37	
	Medicare	-114.68	-1,196.80	114.68	
	403b	-400.00	-4,400.00		
	Flexible Spending	-229.16	-2,520.76		
	Colonial Life Group Cancer P	-17.70	-194.70		
	Colonial Life Group Medical	-21.68	-238.48		
	Dental H-PPO CL EE+Dep	-16.69	-183.59	89.57	
	FICA Deferment	490.37	1,471.11		
	Net Pay	0.00	52,282.42		
	YTD Taxable Income		71,806.39		

Figure 2: FICA Deferment Deduction on Employee Paystub

If an employee earns more than \$104,000 of FICA earnings in a year, the FICA Deferment will decrease once they reach that point. As in any calendar year, once an employee reaches the FICA Wage Limit (which in 2020 is \$137,700), all FICA contributions stop.

Finally, when paying payroll liabilities, make sure to include both the FICA and FICA Deferment deductions on the payroll voucher. This will ensure that the proper amount is paid to the vendor.

Voucher Detail X

Voucher Number: 3639

Voucher Status: New Approved By: Description: FICA Nov 2020

Approved Date: Voucher Total: 5,138.81

Voucher Number: 3639 *Voucher Date: 12/04/2020

Search Liability Status : Contains Included [X] Filtered

Drag a column header and drop it here to group by that column

<input type="checkbox"/>	Liability Status	Vendor	Deduction	Register	Description	Payroll Period	Payroll Cycle	Liability Amount
<input type="checkbox"/>	Liability Included	PAYROLL TAXES	FICA	4599		November 2020	Monthly	\$9,137.16
<input type="checkbox"/>	Liability Included	PAYROLL TAXES	FICA Deferment	4599		November 2020	Monthly	(\$3,998.35)
								Sum: \$5,138.81

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Total records selected : 0 [\(Unselect All\)](#)

Figure 3: FICA Deferment Deduction on Liability Voucher