



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

September 11, 2020

M-20-35

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Michael J. Rigas  
Acting Deputy Director for Management

A handwritten signature in blue ink that reads "Michael Rigas".

SUBJECT: Guidance on Implementing Payroll Tax Deferral for Federal Employees

This memorandum provides guidance on implementation, with respect to the Federal workforce, of the Presidential Memoranda issued on August 8, 2020 entitled, "Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster." The guidance expedites implementation of the payroll deferral, to provide immediate financial relief during the COVID-19 disaster under the authority of the Presidential Memorandum and pursuant to guidance provided recently in Internal Revenue Service (IRS) notice 2020-65.

Executive Branch agencies are to implement the deferral for the next pay period for Executive Branch employees, to the maximum extent feasible. To effectively and efficiently implement the deferral, and to provide the intended immediate financial relief, agencies shall implement the deferral to all employees in the following manner:

1. Agencies are to implement the deferral of applicable payroll taxes for all eligible employees (those under the income threshold on a paycheck by paycheck basis); and
2. Agencies are to continue to inform and educate employees concerning the payroll tax deferral, including its anticipated impact on individuals' paychecks over the course of the coming months. I recommend each agency coordinate with its payroll provider to disseminate information to employees, and to answer questions they may have. Note that the Chief Human Capital Officers Council (CHCO Council) recently distributed a brief FAQ template to CHCOs that can be customized for distribution to staff of each agency.

The President and the Administration continue to advocate for Congressional action to make the payroll tax deferral permanent. In the meantime, we appreciate you making every effort to implement the deferral for all eligible employees, and to ensure that your employees are educated and aware of the particular effect on their own personal finances.