

August 18, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Steven Mnuchin
Secretary
U.S. Treasury
Washington, DC 20220

RE: Implementation of the Executive Order Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster

Dear Speaker Pelosi, Majority Leader McConnell, and Secretary Mnuchin,

The undersigned organizations urge the Administration and Congress to come together on a path that provides much-needed tax relief for families without the uncertainty associated with the recent payroll tax Executive Order (EO).

Under current law, the EO creates a substantial tax liability for employees at the end of the deferral period. Without Congressional action to forgive this liability, it threatens to impose serious hardships on employees who will face a large tax bill as a result of deferral. The following chart demonstrates the magnitude of the potential tax bill compared to immediate benefit of deferral.

Income	Bi-Weekly Pay	Increase Per Pay Period	Tax Bill Due in 2021 (based on 9 pay periods)
\$35,000	\$1,346.15	\$83.46	\$ 751.15
\$50,000	\$1,923.08	\$119.23	\$1,073.08
\$75,000	\$2,884.62	\$178.85	\$1,609.62
\$104,000	\$4,000.00	\$248.00	\$ 2,232.00

If this were a suspension of the payroll tax so that employees were not forced to pay it back later, implementation would be less challenging. But under a simple deferral, employees would be stuck with a large tax bill in 2021. Many of our members consider it unfair to employees to make a decision that would force a big tax bill on them next year. It would also be unworkable to implement a system where employees make this decision. Therefore, many of our members will likely decline to implement deferral, choosing instead to continue to withhold and remit to the government the payroll taxes required by law. We hope Congress and the Administration come together on a path that supports workers instead of burdening hardworking Americans with a large tax bill next year.

Sincerely,

Aeronautical Repair Station Association
America's SBDC
American Apparel & Footwear Association
American Home Furnishings Alliance
American Society of Association Executives
Associated General Contractors of America
Brick Industry Association
DHI Door Security + Safety Professionals
Foodservice Equipment Distributors Association
Independent Electrical Contractors
Metals Service Center Institute
Motor & Equipment Manufacturers Association (MEMA)
National Apartment Association
National Association of Chain Drug Stores
National Association of Federally-Insured Credit Unions
National Association of Government Guaranteed Lenders
National Association of Manufacturers
National Association of Professional Employer Organizations
National Association of REALTORS
National Association of Security Companies
National Association of Wholesaler-Distributors
National Council of Chain Restaurants
National Investor Relations Institute
National Multifamily Housing Council
National Parking Association
National Restaurant Association
National Retail Federation
National Stone, Sand & Gravel Association

North American Association of Food Equipment Manufacturers (NAFEM)

S Corporation Association

U.S. Chamber of Commerce

Vinyl Institute

Wine & Spirits Wholesalers of America