

# Washington Must Come Together on Relief for Families

President Trump's recently issued Executive Order (EO) to defer payroll taxes, while well-intended, raises serious concerns for both employees and employers.

Today, the U.S. Chamber of Commerce along with more than 30 trade associations [sent a letter](#) to Congress and the Treasury Department urging them to work together on a path forward to provide tax relief to families without imposing a large tax bill in the future.

**The big picture:** The letter states, "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."

**By the numbers:** If Congress doesn't act to forgive the payroll tax, the order could impose serious hardships on employees who make under \$104,000 a year, because they could be stuck with a large tax bill in 2021. While employees will get a relatively small benefit in each paycheck, they will owe a lot next year.

## How Would a Payroll Tax Deferral Affect You?

See the impact on your income and what you could owe in 2021

Yearly Income	Biweekly Pay	Increase Per Pay Period	Deferred Tax Bill for 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

*Note: The Executive Order states that the payroll tax deferral will apply to those who make up to \$4,000 per paycheck, which equates to \$104,000 annually.*

It is unfair to American workers 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 the decision," the letter states. Many employers "will likely decline to implement a deferral, choosing instead to continue to withhold and remit to the government the payroll taxes required by law."

**The bottom line:** The administration and Congress must “come together on a path that provides much-needed tax relief for families without the uncertainty associated with the recent payroll tax Executive Order.”