



Money Matters



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Understanding The Payroll Tax Deferral

Social Security Tax Deferral

In order to provide relief during the COVID-19 pandemic, a Presidential Memorandum was issued on August 8, 2020 and guidance followed from Internal Revenue Service on August 28, 2020, to temporarily defer Social Security (Old Age, Survivors, and Disability Insurance (OASDI)) tax withholdings. This change is effective through the end of the 2020 calendar year.

Military members and civilian federal employees *are not eligible to opt-out of the deferral*. The deferral will happen automatically. Military members will see this change on their September mid-month paycheck. Civilian employees will see this change on their pay period ending September 12, 2020. This change will consist of a 6.2% increase of your base-pay and will be effective through the end of the 2020 calendar year. Please understand this is not a pay increase. This money should be put aside as a repayment will occur January 1, 2021.

Per IRS guidance, collection of the deferred taxes will be taken from your wages between January 1 and April 30, 2021 for both military members and civilian employees. Additional information on the collection process will be provided in the future.

If a military member or civilian employee separates or retires in 2020 before the Social Security tax can be collected in 2021, they are still responsible for the Social Security tax repayment. Retired members will not be impacted. Military retirement pay is a pension and not considered earned income.

Who Qualifies for OASDI Deferral?

Military members qualify if their monthly rate of basic pay is less than \$8,666.66.

If your monthly rate of basic pay is at or above this threshold, your social security tax withholding will not be affected by the temporary deferral.

Military members can use their August or prior LES as a good reference for their typical Social Security tax amount. The Social Security tax is labeled as "FICA-SOC SECURITY" on the LES.

Civilian employees qualify if their wages are less than \$4,000 in any given pay period. Employees can use the "Taxable Wages" on the LES as a good reference for whether they will have OASDI tax deferred. The OASDI deduction is found on your LES under the deductions tab/section.



Finance Links

Defense Travel Office: <https://www.defensetravel.dod.mil/> Virtual

Finance: Enter the Air Force Portal, scroll to "Finance & Travel" section, and select "Virtual Finance Page on AF Portal."

Defense Finance & Accounting Service: <https://www.dfas.mil/>

COVID-19 Info: https://mypers.af.mil/app/answers/detail/a_id/46624

Contact Information

For any questions or concerns, please e-mail the help desks:

Military Pay: moody.finance@us.af.mil
DTS Travel: 23CPTS.DTS.Travel@us.af.mil
Civilian Pay: 23cpts.civpay@us.af.mil

If you would like one of our technicians to call you, please leave your name, cell phone number, and a detailed description of your question or issue in your email.

You may schedule a phone appointment at 23cpts.setmore.com.

Hours of Operation:

Mon-Fri: 0900-1400
Phone Consultations Only (Book on Setmore website)

Helpful Links

For questions on the temporary deferral of the 6.2% OASDI withholding:

Visit the myPay website: <https://www.dfas.mil/taxes/Social-Security-Deferral/>

Visit the IRS page: <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>

For more information on financial readiness:

Visit www.finred.usalearning.gov
Visit your installation Military and Family Support Center to speak with a Personal Financial Manager or Counselor, or contact Military OneSource at <https://www.militaryonesource.mil> (1-800-342-9647).