



AMERICAN COUNCIL OF ENGINEERING COMPANIES
of North Carolina

COVID-19 Update and Executive Orders for 8-14-2020

Wait for IRS Guidance Before Making Decisions on Payroll Tax Deferral

By Katharine Mottley

Based on discussions with ACEC's outside tax advisor on the [presidential memorandum](#) on payroll tax deferral, the key message right now is to wait for the IRS guidance before making any decisions.

Here are a few updates:

- The IRS is working on guidance as fast as possible -- it could be released this week or next.
- The two biggest issues are whether the payroll tax deferral is mandatory or optional, and what is the liability for employers if the tax is not withheld from employee paychecks and not ultimately forgiven. The guidance will cover additional issues, including calculations.
- Secretary Mnuchin said publicly that the payroll tax deferral will be optional – it's important for the guidance to confirm that.
- Employers would need to consider what to do if an employee leaves between September 1 and December 31, and the tax obligation is not forgiven.
- It's unclear how the presidential memorandum interacts with relevant state laws.

It's best to say that the memorandum is under review and the firm must wait to make decisions until guidance has been issued.

Katharine Mottley is ACEC Vice President Tax and Regulatory Affairs.

Can't Miss Online Class Next Week! Preparing for Your PPP Loan Audit

On Thursday, August 20, 1:30-3:00 pm ET, ACEC will present the online class: [Preparing for Your PPP Loan Audit](#).

The U.S. Small Business Administration (SBA) will audit all Paycheck Protection Program (PPP) loans above \$2 million, and some loans below the \$2 million threshold may be subject to audit. Marc Gerson, Loren Ponds, Jorge Castro, and Layla Asali of the Miller & Chevalier Law Firm will explore how your company can prepare now for a PPP loan audit.

Takeaways include:

- Areas of significant audit risk
- Techniques for managing audit demands
- The consequences of failing to comply with PPP requirements
- Best practices for preparing to successfully complete an audit.

Click [here](#) to register.

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